

Budget

Final Agenda

Louisville Metro Council

Meeting Date: 05/31/2006

Meeting Time: 5:00 PM

Location: Third Floor, City Hall

Chairs: Rick Blackwell (12)

Members: Mary C. Woolridge (3)
Kenneth C. Fleming (7)
Tina Ward-Pugh (9)
Jim King (10)
Rick Blackwell (12)
Kelly Downard (16)
Julie Raque Adams (18)
Hal Heiner (19)
Dan Johnson (21)

Special Items for Discussion:

- 1 [O-95-5-06](#) AN ORDINANCE OF THE LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT AUTHORIZING THE ISSUANCE OF ITS COLLEGE REFUNDING AND IMPROVEMENT BONDS, SERIES 2006 (BELLARMINE UNIVERSITY PROJECT), IN ONE OR MORE SERIES, IN A PRINCIPAL AMOUNT NOT TO EXCEED \$25,000,000 AND THE LOAN OF THE PROCEEDS THEREOF TO BELLARMINE UNIVERSITY TO REFINANCE CERTAIN OUTSTANDING BONDS AND FINANCE A PORTION OF THE COSTS OF CONSTRUCTING AND EQUIPPING A NEW RESIDENCE HALL; AUTHORIZING THE EXECUTION AND DELIVERY ON BEHALF OF THE LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT OF (1) A TRUST INDENTURE PURSUANT TO WHICH THE BONDS WILL BE ISSUED, (2) A LOAN AGREEMENT BETWEEN THE LOUISVILLE/ JEFFERSON COUNTY METRO GOVERNMENT, AS LENDER, AND BELLARMINE UNIVERSITY AS

BORROWER, PROVIDING FOR LOAN REPAYMENTS SUFFICIENT TO PAY THE PRINCIPAL OF AND INTEREST ON THE BONDS AS THE SAME BECOME DUE, AND (3) A BOND PURCHASE AGREEMENT PROVIDING FOR THE SALE OF THE BONDS ON A NEGOTIATED BASIS; AND TAKING OTHER RELATED ACTION.

[Sponsor\(s\)](#) [3 Attach.](#) [Budget](#)

- 2 [O-96-05-06](#) AN ORDINANCE AMENDING SECTIONS 32.118, 32.130, 32.131, AND 32.132 OF THE LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT CODE OF ORDINANCES [LMCO] RELATING TO THE POLICE PENSION FUND.

[Sponsor\(s\)](#) [Budget](#)

- 3 [R-66-05-06](#) A RESOLUTION AUTHORIZING THE MAYOR TO ACCEPT A GRANT FROM THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, IN THE AMOUNT OF APPROXIMATELY \$112,786.00, FROM THE SUPPORTIVE HOUSING PROGRAM FOR A TRANSITIONAL HOUSING PROJECT.

[Sponsor\(s\)](#) [Budget](#)

ORDINANCE NO. _____, SERIES 2006

AN ORDINANCE OF THE LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT AUTHORIZING THE ISSUANCE OF ITS COLLEGE REFUNDING AND IMPROVEMENT BONDS, SERIES 2006 (BELLARMINE UNIVERSITY PROJECT), IN ONE OR MORE SERIES, IN A PRINCIPAL AMOUNT NOT TO EXCEED \$25,000,000 AND THE LOAN OF THE PROCEEDS THEREOF TO BELLARMINE UNIVERSITY TO REFINANCE CERTAIN OUTSTANDING BONDS AND FINANCE A PORTION OF THE COSTS OF CONSTRUCTING AND EQUIPPING A NEW RESIDENCE HALL; AUTHORIZING THE EXECUTION AND DELIVERY ON BEHALF OF THE LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT OF (1) A TRUST INDENTURE PURSUANT TO WHICH THE BONDS WILL BE ISSUED, (2) A LOAN AGREEMENT BETWEEN THE LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT, AS LENDER, AND BELLARMINE UNIVERSITY AS BORROWER, PROVIDING FOR LOAN REPAYMENTS SUFFICIENT TO PAY THE PRINCIPAL OF AND INTEREST ON THE BONDS AS THE SAME BECOME DUE, AND (3) A BOND PURCHASE AGREEMENT PROVIDING FOR THE SALE OF THE BONDS ON A NEGOTIATED BASIS; AND TAKING OTHER RELATED ACTION.

SPONSORED BY: Councilman Jim King

Recitals

A. The Louisville/Jefferson County Metro Government (the “Metro Government”) is a consolidated local government organized and existing under the laws of the Commonwealth of Kentucky (the “Commonwealth”) and as such is authorized under the Industrial Buildings for Cities and Counties Act, as amended, Sections 103.200 to 103.285 of the Kentucky Revised Statutes (the “Act”), to issue its industrial building revenue bonds and lend the proceeds thereof to any person to finance or refinance the costs of acquiring, constructing and equipping an “industrial building” (as defined in the Act), including specifically any buildings, structures and facilities, including the site thereof and machinery, equipment, and furnishings suitable for any non-profit educational institution in any manner related to or in furtherance of the educational purposes of such institution, including but not limited to classroom, laboratory, housing, administrative, medical research and treatment facilities, physical education and athletic facilities, in order to accomplish the public purposes of promoting the economic development of the Commonwealth, relieving conditions of unemployment, and encouraging the increase of industry therein, PROVIDED THAT SUCH BONDS ARE PAYABLE SOLELY FROM THE LOAN REPAYMENTS AND OTHER REVENUES DERIVED IN RESPECT OF THE LOAN AND DO NOT CONSTITUTE AN INDEBTEDNESS OF THE METRO GOVERNMENT

WITHIN THE MEANING OF THE CONSTITUTION AND LAWS OF THE COMMONWEALTH.

B. Bellarmine University Incorporated (the “University”), formerly named Bellarmine College, a Kentucky nonprofit corporation, has applied to the Metro Government for the issuance of industrial building revenue bonds of the Metro Government (the “Bonds”) and the loan of the proceeds thereof to the University to (i) advance refund the outstanding County of Jefferson, Kentucky College Revenue Bonds (Bellarmine College Project), Series 1999; (ii) currently refund the outstanding City of Audubon Park, Kentucky Cultural and Educational Development Revenue Bonds, Series 2001 (Bellarmine University Project); and (iii) finance (a) the construction, furnishing, and equipping of a new 120-bed student residence hall and surface parking and other related site improvements and (b) other miscellaneous capital improvements as may be approved by the University, all on the campus of the University at 2001 Newburg Road, Louisville, Kentucky and (iv) pay cost of issuance of the Bonds (collectively, the “Project”).

C. The University has requested in writing of the Mayor that the sale of the bonds be made privately upon a negotiated basis to a syndicate of investment banking firms led by RBC Capital Markets (the “Underwriter”).

D. Prior to the enactment of this ordinance and following published notice, the Metro Council will have conducted a public hearing affording an opportunity for members of the public to express their views regarding the proposed bond issue and the nature and location of the facilities to be financed from the proceeds thereof.

E. The Metro Council now desires to [i] authorize the issuance of its Louisville/Jefferson County Metro Government College Refunding and Improvement Bonds (Bellarmine University Project), Series 2006, in one or more series, in a principal amount not to exceed \$25,000,000 (the “Bonds”) and the loan of the proceeds thereof to the University to finance the Project, [ii] authorize the execution and delivery on behalf of the Metro Government of the Indenture, the Loan Agreement, and the Bond Purchase Agreement hereinafter identified, and [iii] take other related action.

NOW, THEREFORE, BE IT ORDAINED by the Louisville/Jefferson County Metro Council, as follows:

1. Public Purposes. The Metro Council hereby finds and declares that the issuance of the Bonds, in one or more series, and the loan of the proceeds thereof to the University to finance the Project will further the public purposes of the Act by promoting the economic development of the Commonwealth, relieving conditions of unemployment, and encouraging the increase of industry therein. THE BONDS ARE PAYABLE SOLELY FROM THE LOAN REPAYMENTS AND OTHER REVENUES DERIVED IN RESPECT OF THE LOAN AND DO NOT CONSTITUTE AN INDEBTEDNESS OF THE METRO GOVERNMENT WITHIN THE MEANING OF THE CONSTITUTION AND LAWS OF THE COMMONWEALTH.

2. Authorization of the Bonds and the Project. For the purposes set forth in the preamble hereto, there is hereby authorized and directed:

A. the issuance, execution, sale, and delivery of the Bonds, as provided in the Indenture and the Bond Purchase Agreement hereinafter identified; and

B. the loan of the proceeds of the Bonds to the University to finance the Project, as provided in the Indenture and the Loan Agreement hereinafter identified.

3. Authorization of Indenture. The Mayor and the Clerk of the Metro Council are hereby authorized and directed to execute and deliver on behalf of the Metro Government a Trust Indenture (the “Indenture”) between the Metro Government and a bond trustee designated by the University and approved by the Mayor, substantially in the form attached hereto as Exhibit A.

4. Authorization of Loan Agreement. The Mayor and the Clerk of the Metro Council are hereby authorized and directed to execute and deliver on behalf of the Metro Government a Loan Agreement (the “Loan Agreement”) between the Metro Government and the University, substantially in the form attached hereto as Exhibit B.

5. Authorization of Bond Purchase Agreement. The Mayor is hereby authorized and directed to execute and deliver on behalf of the Metro Government a Bond Purchase Agreement (the “Bond Purchase Agreement”) among the Metro Government, the University, and the Underwriter, substantially in the form attached hereto as Exhibit C, providing for the sale of the Bonds upon a negotiated basis through the Underwriter.

6. Further Acts and Deeds. The Mayor, the Clerk of the Metro Council, and other appropriate officers and employees of the Metro Government, as may be designated by the Mayor or the Clerk of the Metro Council, are hereby authorized and directed to execute, acknowledge, and deliver on behalf of the Metro Government any and all papers, instruments, certificates, affidavits, and other documents and to do and cause to be done any and all acts and things necessary or proper for entering into and effecting this Bond Ordinance, the Bond Purchase Agreement, the Indenture, the Loan Agreement, and the Bonds, and the financing of the Project, including without limitation, approval of an Escrow Agreement and an Offering Circular of the Metro Government relating to the Bonds, and the distribution thereof to prospective purchasers of the Bonds and to declare such Offering Circular as “deemed final” within the meaning of Securities and Exchange Commission Rule 15c2-12(b)(1), provided that neither the Metro Government nor any of its councilmen, officers, employees, or agents incur any general liability thereby.

7. Severability. The provisions of this ordinance are severable, and if any section, phrase, or provision hereof shall for any reason be declared invalid or unenforceable, such declaration shall not affect the validity of the remainder of this ordinance.

8. Prior Conflicting Actions Superseded. To the extent that any ordinance, resolution, order, or part thereof is in conflict with the provisions of this ordinance, the provisions of this ordinance shall prevail and be given effect.

9. Effective Date. This ordinance shall be in full force and effect from and after its enactment and publication as provided by law.

INTRODUCED, SECONDED, AND GIVEN FIRST READING at a duly convened regular meeting of the Louisville/Jefferson County Metro Council held on _____, 2006.

GIVEN SECOND READING AND ENACTED at a duly convened regular meeting of the Louisville/Jefferson County Metro Council held on _____, 2006, signed by the Mayor, attested under seal by the Clerk of the Metro Council, and ordered to be published as provided by law.

Attest:

Kathleen J. Herron
Clerk of the Metro Council

Kevin Kramer
President of the Metro Council

Jerry E. Abramson
Mayor

Approval Date

APPROVED AS TO FORM AND LEGALITY:

Irv Maze
Jefferson County Attorney

By: _____
James T. Carey, Assistant County Attorney

CERTIFICATION

The undersigned hereby certifies that she is the duly qualified and acting Clerk of the Metro Council, that the foregoing is a true, correct, and complete copy of an ordinance duly enacted by the Metro Council at a duly convened meeting held on _____, 2006, on the same occasion signed by the Mayor, duly filed, recorded, and indexed in her office and now in full force and effect, and that all actions taken in connection with such ordinance were in compliance with the requirements of KRS 61.810, 61.815, 61.820, and 61.825, all as appears from the official records of said Council in her possession and under her control.

WITNESS my hand and the seal of the Louisville/Jefferson County Metro Government this _____ day of _____, 2006.

Clerk of the Metro Council

[SEAL]

Exhibit A
Indenture of Trust

Exhibit B
Loan Agreement

Exhibit C
Bond Purchase Agreement

15172573.3

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT

to

_____,
as Trustee

TRUST INDENTURE

Dated as of June 1, 2006

\$25,000,000

Louisville/Jefferson County Metro Government
College Refunding and Improvement Revenue Bonds, Series 2006
(Bellarmine University Project)

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THIS TRUST INDENTURE dated as of June 1, 2006 (the "Indenture") is between the LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT (the "Issuer"), an agency and instrumentality of the Commonwealth of Kentucky, and _____, a _____, as trustee (the "Trustee").

Recitals

A. The Issuer is authorized by the Industrial Buildings for Cities and Counties Act, as amended, Kentucky Revised Statutes ("KRS") 103.200 to 103.285 (the "Act"), to issue industrial building revenue bonds and to loan the proceeds thereof to any person to finance the cost of any "industrial building" (as defined in the Act), including specifically land, buildings, improvements, equipment, machinery, and other facilities suitable for any nonprofit educational institution in any manner related to or in furtherance of the educational purposes of such institution, including but not limited to classroom, laboratory, housing, administrative, physical educational and medical research and treatment facilities, in order to accomplish the public purposes of promoting the economic development of the Commonwealth of Kentucky, relieving conditions of unemployment, and encouraging the increase of industry therein.

B. The Act further authorizes the Issuer to issue its refunding bonds under the provisions of the Act to refund bonds issued and outstanding under the Act, together with any unpaid interest thereon, to create any necessary debt service reserve fund, and to pay the cost of any improvements or additions to the project financed from the proceeds of the bonds to be refunded, and of any premiums, expenses, and commissions required to be paid in connection therewith, which refunding bonds shall be payable from the revenues out of which the bonds to be refunded were payable.

C. Bellarmine University Incorporated (the "College"), a Kentucky nonprofit corporation and institution of higher education, has applied to the Issuer for the issuance of industrial building revenue bonds of the Issuer in the aggregate principal amount of \$25,000,000 and the loan of the proceeds thereof to the College to (i) advance refund the outstanding County of Jefferson, Kentucky College Revenue Bonds (Bellarmine College Project), Series 1999 and currently refund the outstanding City of Audubon Park, Kentucky Cultural and Educational Development Revenue Bonds, Series 2001 (Bellarmine University Project) (collectively, the "Prior Bonds") (the refunding of the Prior Bonds being hereinafter referred to as the "Refunding Project"); (ii) finance the construction, furnishing, and equipping of a new 120-bed student residence hall and surface parking and other related site improvements on the campus of the University at 2001 Newburg Road, Louisville, Kentucky, for use by the College in furtherance of its nonprofit educational purposes, (such renovations and improvements and acquisition of equipment being hereinafter collectively referred to as the "New Money Projects", and the Refunding Project and the New Money Projects being hereinafter collectively referred to as the "Project"); and (iii) pay costs of issuance of the bonds.

D. The Issuer has determined to issue \$25,000,000 aggregate principal amount of its College Refunding and Improvement Revenue Bonds, Series 2006 (Bellarmine University Project) (the "Project Bonds") pursuant to this Indenture and loan the proceeds thereof to the College pursuant to a Loan Agreement of even date herewith (the "Loan Agreement") between the Issuer and the College to finance the costs of the Project.

E. The obligations of the College under the Loan Agreement (except for Unassigned Rights) are assigned to the Trustee as security under this Indenture for the Bondholders.

F. Simultaneously with the issuance of the Project Bonds, the Bond Insurer hereinafter identified will issue a municipal bond insurance policy (the “Bond Insurance Policy”) insuring the scheduled payment of the principal of and interest on the Project Bonds upon the terms and conditions therein provided.

G. The Issuer has determined that the Project Bonds and the Trustee’s certificate of authentication, the statement of insurance regarding the Bond Insurance Policy, and the form of assignment to be endorsed on the Project Bonds as provided herein shall be substantially in the forms set forth in Exhibit A hereto, with such variations, omissions and insertions as are required or permitted by this Indenture.

H. The execution and delivery of the Project Bonds and this Indenture have been duly authorized and all things necessary to make the Project Bonds, when executed by the Issuer and authenticated by the Trustee, valid and binding legal obligations of the Issuer and to make this Indenture a valid and binding agreement have been done.

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that to secure all Bonds issued and Outstanding under this Indenture, the payment of the principal or Redemption Price (as the case may be) thereof and interest thereon, the respective rights of the Bondholders and the Bond Insurer, and the performance of the covenants contained in said Bonds and herein, the Issuer does hereby sell, assign, transfer, set over and pledge unto the Trustee, its successors in the trust and its assigns forever, all of the right, title and interest of the Issuer in and to the Trust Estate.

TO HAVE AND TO HOLD the same and any other revenues, property, contracts or contract rights which may, by delivery, assignment or otherwise, be subject to the lien and security interest created by this Indenture.

IN TRUST NEVERTHELESS, for the equal and ratable benefit and security of all present and future holders of the Bonds issued and to be issued under this Indenture, except as otherwise expressly provided herein, without preference, priority or distinction as to lien or otherwise of any one Bond over any other Bond.

ARTICLE 1. DEFINITIONS AND INTERPRETATION

Section 1.1. Definitions. In this Indenture and any Supplemental Indenture (except as otherwise expressly provided or unless the context otherwise requires) terms used as defined terms in the recitals shall have the same meanings throughout the Indenture, and in addition the following terms shall have the meanings specified below. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Loan Agreement.

“Act” shall mean the Industrial Buildings for Cities and Counties Act, as amended, Sections 103.200 to 103.285 of the Kentucky Revised Statutes.

“Additional Bonds” means the Additional Bonds which are authorized to be issued in one or more series from time to time under the Indenture.

“Administrative Expenses” shall mean all expenses of the Issuer which are properly chargeable as administrative expenses with respect to this Indenture, the Loan Agreement, the Tax Compliance Agreement, and the Project, including reasonable fees and expenses of the Issuer’s attorneys and other professional advisers as may be required by or in connection with the Loan Agreement and the Indenture and the enforcement thereof.

“Affiliate” shall mean, with respect to any Person, any Person which controls, is controlled by, or is under common control with such Person. For the purposes of the foregoing, one Person shall be deemed to control another if it owns more than 50% of the voting stock or other equity interest in the other Person or possesses the power (through membership or otherwise) to elect more than 50% of the other Person’s governing body.

“Bond Counsel” shall mean an attorney or firm of attorneys, nationally recognized as experienced in matters pertaining to the validity of obligations of governmental issuers and the exclusion from Federal income taxation of the interest on such obligations, which attorney or firm of attorneys may be counsel to the Issuer, the Trustee or the College or any Affiliate thereof.

“Bond Fund” shall mean the fund so designated and the accounts therein established pursuant to Section 6.5 of this Indenture.

“Bondholder” or “holder” shall mean the Person in whose name a Bond is registered on the Bond Register in accordance with the Indenture and the Bonds.

“Bond Insurance Policy” shall mean the municipal bond insurance policy issued by the Bond Insurer simultaneously with the issuance of the Project Bonds insuring the scheduled payment of the principal of and interest on the Project Bonds when due upon the terms and conditions stated therein.

“Bond Insurer” shall mean _____, a _____, or any successor thereto or assignee thereof.

“Bond Register” shall mean the books of the Issuer for registration and transfer of Bonds.

“Bond Year” shall mean the twelve-month period ending each May 1.

“Bonds” means the Project Bonds and any Additional Bonds issued under the Indenture.

“Business Day” shall mean any day other than (i) a Saturday or Sunday or legal holiday or a day on which banking institutions in the Commonwealth, the State of New York, or the city in which the Designated Office of the Trustee is located are authorized by law to close, or (ii) a day on which the New York Stock Exchange is closed.

“Certified Resolution of the College” shall mean a copy of a resolution of the College Board or of a duly authorized committee thereof, certified by the Secretary or Assistant Secretary of the College to have been duly adopted and to be in full force and effect on the date of such certification.

“Certified Ordinance of the Issuer” shall mean a copy of an ordinance certified by the Secretary or Assistant Secretary of the Issuer to have been duly adopted by the Issuer and to be in full force and effect on the date of such certification.

“Clearing Fund” shall mean the fund so designated established pursuant to Section 3.1 of this Indenture.

“Closing Receipt,” means the Closing Receipt, dated the date of issuance of the Project Bonds, by and among the Issuer, the College, the Trustee, and the original purchaser of the Project Bonds.

“Closing Statement,” means the Closing Statement, dated the date of issuance of the Project Bonds, executed by the Issuer, approved by the College, and addressed to the Trustee.

“Code” shall mean the Internal Revenue Code of 1986, as amended, and the regulations in effect thereunder.

“College” shall mean Bellarmine University Incorporated, a Kentucky nonprofit corporation, and its successors and assigns.

“College Board” shall mean the Board of Trustees or other legally governing body vested with the power of management of the College.

“College Premises” shall mean the campus of the College located in Louisville, Kentucky, together with all buildings and improvements thereon and all furniture and equipment located on or in any such buildings or improvements, including the Project Facilities (as defined in the Loan Agreement).

“Commonwealth” shall mean the Commonwealth of Kentucky.

“Construction Fund” shall mean the fund or funds, including the separate accounts therein, to be established by the Trustee pursuant to Section 5.1 of this Indenture.

“Contractor” shall mean a Person appointed by the College to serve as general contractor or construction manager for any portion of the New Money Projects.

“Cost” or “Costs” shall mean all costs properly chargeable to the capital account of the New Money Projects or which are incidental to the financing, refinancing, acquisition, construction, or installation of the New Money Projects and payable from the proceeds of the Bonds pursuant to the Act.

“Counsel” shall mean an attorney-at-law or law firm (who or which may be Bond Counsel or counsel for the College, the Trustee, or the Issuer) acceptable to the Trustee.

“Debt Service Reserve Fund” shall mean the fund so designated which is established pursuant to Section 6.7 of this Indenture.

“Defeasance Obligations” means, to the extent permitted by law, (i) noncallable Government Obligations (as hereinafter defined under the term “Investment Securities”), (ii) noncallable Defeased Municipal Obligations (as hereinafter defined under the term “Investment Securities”), (iii) evidences of ownership of a proportionate interest in specified noncallable Defeased Municipal Obligations, which noncallable Defeased Municipal Obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian; and (iv) any other investments approved by the Bond Insurer.

“Designated Office of the Trustee” means the corporate trust office of the Trustee in Louisville, Kentucky or such other corporate trust office of the Trustee as the Trustee shall designate by notice to the Issuer, the College, the Bondholders, and the Bond Insurer as the office of the Trustee for the registration, transfer and payment of the Bonds.

“DTC Operational Arrangements” shall have the meaning set forth in Section 2.6 hereof.

“Escrow Agent” means _____, as escrow agent under the Escrow Agreement.

“Escrow Agreement” means the Refunding Escrow Agreement, dated the date of issuance of the Project Bonds, between the College and the Escrow Agent.

“Favorable Opinion” shall mean an opinion of Bond Counsel addressed to the Issuer and the Trustee to the effect that: (i) the action proposed to be taken is authorized or permitted by the Act and the Indenture and complies with their respective terms; and (ii) such will not adversely affect (A) the exclusion from gross income of the interest on the Bonds for purposes of Federal income taxation, and (B) any applicable tax exemption with respect to the Bonds provided under the laws of the Commonwealth.

“Fund” means each of the funds established under the Indenture.

“Indenture” shall mean this Trust Indenture between the Issuer and the Trustee as originally executed, or if amended or supplemented as herein provided, as so amended or supplemented.

“Interest Payment Dates” shall mean the interest payment dates set forth in the Bonds.

“Investment Securities” shall mean, to the extent permitted by law, any of the following:

1. Direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America (“United States Treasury Obligations”), (b) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America, (c) obligations fully and unconditionally guaranteed as to

timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America, or (d) evidences of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated. Obligations described in this paragraph 1 are referred to herein as “Government Obligations”.

2. Federal Housing Administration (FHA) debentures.

3. Obligations of the following government-sponsored agencies (which are not backed by the full faith and credit of the United States of America):

(a) Federal Home Loan Mortgage Corporation (FHLMC) senior debt obligations or participation certificates (exclusive of stripped mortgage securities which are purchased at prices exceeding their principal amounts);

(b) Farm Credit Banks (formerly: the Federal Land Banks, Federal Intermediate Credit Banks, and Banks for Cooperatives) consolidated system-wide bonds and notes;

(c) Federal Home Loan Banks (FHLB) consolidated debt obligations;

(d) Federal National Mortgage Association (FNMA) senior debt obligations or mortgage-backed securities (exclusive of stripped mortgage securities which are purchased at prices exceeding their principal amounts);

(e) Student Loan Marketing Association (SLMA) senior debt obligations (exclusive of securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date);

(f) Financing Corporation (FICO) debt obligations; and

(g) Resolution Funding Corporation (REFCORP) debt obligations.

4. Unsecured certificates of deposit, time deposits, and bankers’ acceptances (having maturities of not more than 30 days) of any bank the short-term obligations of which are rated “A-1” or better by S&P (as defined under the term “Rating Agency”).

5. Deposits the aggregate amount of which are fully insured by the Federal Deposit Insurance Corporation (FDIC) in banks which have capital and surplus of at least \$5 million.

6. Commercial paper (having original maturities of not more than 270 days) rated “A-1+” by S&P and “Prime-1” by Moody’s (as defined under the term “Rating Agency”).

7. Money market funds rated “Aam” or “AAM-G” by S&P, or better.

8. (a) Direct general obligations of any state of the United States of America or any subdivision or agency thereof to which is pledged the full faith and credit of a state the unsecured general obligation debt of which is rated “A3” by Moody’s and “A” by S&P, or better, or any obligation fully and unconditionally guaranteed by any state or subdivision or agency thereof whose unsecured general obligation debt is so rated; or (b) direct general short-term obligations of any state or subdivision or agency thereof described in (a) above and rated “A-1+” by S&P and “MIG-1” by Moody’s; and special revenue bonds (as defined in the United States Bankruptcy Code) of any state or agency or subdivision described in (a) above and rated “AA” by S&P and “Aa” by Moody’s, or better.

9. Pre-refunded municipal obligations rated “AAA” by S&P and “Aaa” by Moody’s meeting the following requirements:

(a) the municipal obligations are (1) not subject to redemption prior to maturity or (2) the trustee for the municipal obligations has been given irrevocable instructions concerning their call and redemption and the issuer of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions;

(b) the municipal obligations are secured by cash or United States Treasury Obligations which may be applied only to payment of the principal of, interest and premium on such municipal obligations;

(c) the principal of and interest on the United States Treasury Obligations (plus any cash in the escrow) has been verified by a report of independent certified public accountants to be sufficient to pay in full all principal, interest, and premium, if any, due and to become due on the municipal obligations (“Verification”);

(d) the cash or United States Treasury Obligations serving as security for the municipal obligations are held by an escrow agent or trustee in trust for the owners of the municipal obligations;

(e) no substitution of a United States Treasury Obligation shall be permitted except with another United States Treasury Obligation and upon delivery of a new Verification; and

(f) the cash or United States Treasury Obligations are not available to satisfy any other claims, including those by or against the trustee or escrow agent.

(g) Obligations described in this paragraph 9 are referred to herein as “Defeased Municipal Obligations”.

10. Repurchase agreements with (1) any domestic bank, or domestic branch of a foreign bank, the long term debt of which is rated at least “A” by S&P and Moody’s; or (2) any broker-dealer with “retail customers” or an Affiliate thereof which broker-dealer has, or the parent company (which guarantees the provider) of which has, long-term debt rated at least “A” by S&P and Moody’s, which broker-dealer falls under the jurisdiction of the Securities Investors Protection Corporation (SIPC); or (3) any other entity rated “A” or better by S&P and Moody’s and acceptable to the Bond Insurer, provided that:

(a) The market value of the collateral is maintained at levels and upon such conditions as would be acceptable to S&P and Moody's to maintain an "A" rating in an "A" rated structured financing (with a market value approach);

(b) The Trustee or a third party acting solely as agent therefor or for the Issuer (the "Holder of the Collateral") has possession of the collateral or the collateral has been transferred to the Holder of the Collateral in accordance with applicable state and federal laws (other than by means of entries on the transferor's books);

(c) The repurchase agreement shall state and an opinion of Counsel shall be rendered at the time such collateral is delivered that the Holder of the Collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession);

(d) All other requirements of S&P in respect of repurchase agreements shall be met; and

(e) The repurchase agreement shall provide that if during its term the provider's rating by either Moody's or S&P is withdrawn or suspended or falls below "A-" by S&P or "A3" by Moody's, the provider must, at the direction of the Trustee (who shall give such direction if so directed by the Bond Insurer), within 10 days of receipt of such direction, repurchase all collateral and terminate the agreement, with no penalty or premium to the Trustee.

Notwithstanding the above, if a repurchase agreement has a term of 270 days or less (with no evergreen provision), collateral levels need not be as specified in (a) above, so long as such collateral levels are 103% or better and the provider is rated at least "A" by S&P and Moody's.

11. Investment agreements with a domestic or foreign bank or corporation (other than a life or property casualty insurance company) the long-term debt of which, or, in the case of a guaranteed corporation the long-term debt, or, in the case of a monoline financial guaranty insurance company, claims-paying ability, of the guarantor is rated at least "AA" by S&P and "Aa" by Moody's; provided that, by the terms of the investment agreement:

(a) interest payments are to be made to the Trustee at times and in amounts as necessary to pay debt service on the Bonds (or, if the investment agreement is for the Construction Fund, construction draws);

(b) the invested funds are available for withdrawal without penalty or premium, at any time upon not more than seven days' prior notice; the Trustee hereby agrees to give or cause to be given notice in accordance with the terms of the investment agreement so as to receive funds thereunder with no penalty or premium paid;

(c) the investment agreement shall state that it is the unconditional and general obligation of, and is not subordinated to any other obligation of, the provider thereof or, if the provider is a bank, the agreement or the opinion of Counsel referred to in (d) below shall state that the obligation of the provider to make payments thereunder

ranks *pari passu* with the obligations of the provider to its other depositors and its other unsecured and unsubordinated creditors;

(d) the Trustee receives the opinion of domestic Counsel (which opinion shall be addressed to the Issuer and the Bond Insurer) that such investment agreement is legal, valid, binding and enforceable upon the provider in accordance with its terms and of foreign Counsel (if applicable) in form and substance acceptable, and addressed to, the Bond Insurer;

(e) the investment agreement shall provide that if during its term:

(i) the provider's rating by either S&P or Moody's falls below "AA-" or "Aa3", respectively, the provider shall, at its option, within 10 days of receipt of publication of such downgrade, either (i) collateralize the investment agreement by delivering or transferring in accordance with applicable state and federal laws (other than by means of entries on the provider's books) to the Trustee or a third party acting solely as agent for the Trustee (the "Holder of the Collateral") collateral free and clear of any third-party liens or claims, the market value of which collateral is maintained at levels and upon such conditions as would be acceptable to S&P and Moody's to maintain an "A" rating in an "A" rated structured financing (with a market value approach); or (ii) repay the principal of and accrued but unpaid interest on the investment, and

(ii) the provider's rating by either S&P or Moody's is withdrawn or suspended or falls below "A-" or "A3", respectively, the provider must, at the direction of the Trustee (which shall give such direction if so directed by the Bond Insurer), within 10 days of receipt of such direction, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium to the Trustee.

(f) The investment agreement shall state and an opinion of Counsel shall be rendered, in the event collateral is required to be pledged by the provider under the terms of the investment agreement, at the time such collateral is delivered, that the Holder of the Collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession); and

(g) the investment agreement must provide that if during its term:

(i) the provider shall default in its payment obligations, the provider's obligations under the investment agreement shall, at the direction of the Trustee (which shall give such direction if so directed by the Bond Insurer), be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Trustee, as appropriate, and

(ii) the provider shall become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, or a similar event of insolvency shall occur, the provider's obligations shall automatically be

accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to Trustee.

12. Any mutual fund investing primarily in investment-grade debt securities, which (i) may invest up to 10% of its total assets in high yield securities rated “B” or better by Moody’s or S&P or, if unrated, determined by such fund to be of comparable quality, (ii) may invest up to 20% of its total assets in securities denominated in foreign currency and may invest beyond such limit in U.S. dollar-denominated securities of foreign issuers, (iii) normally hedges at least 75% of its exposure to foreign currency to reduce the risk of loss due to fluctuation in currency exchange rates and (iv) may invest all of its assets in derivative instruments, such as options, futures contracts or swap arrangements, or in mortgage-backed or asset-backed securities.

“Officers’ Certificate” shall mean, in the case of the College, a certificate, executed by the President or Vice President and Secretary or Assistant Secretary of the College, and in the case of the Issuer, the Chairman or Vice Chairman and Secretary-Treasurer or Assistant Secretary-Treasurer of the Issuer.

“Outstanding Bonds” or “Bonds outstanding” means, as of the applicable date, all Bonds which have been authenticated and delivered under the Indenture, except:

(a) Bonds canceled upon surrender, exchange or transfer, or canceled because of payment or redemption on or prior to that date;

(b) Bonds, or the portion thereof, the payment, redemption or purchase for cancellation of which sufficient money has been deposited and credited with the Trustee pursuant to the Indenture on or prior to that date for that purpose (whether upon or prior to the maturity or redemption date of those Bonds); provided, that if any of those Bonds are to be redeemed prior to their maturity, notice of that redemption shall have been given or arrangements satisfactory to the Trustee shall have been made for giving notice of that redemption, or waiver by the affected holders of that notice satisfactory in form to the Trustee shall have been filed with the Trustee;

(c) Bonds, or the portion thereof, which are deemed to have been paid and discharged or caused to have been paid and discharged pursuant to the provisions of this Indenture; and

(d) Bonds in lieu of which others have been authenticated under Section 2.5 of this Indenture;

provided that, in determining whether the holders of the requisite percentage of Bonds have concurred in any demand, direction, request, notice, consent, waiver or other action under the Indenture, Bonds that are owned by the College or an Affiliate of the College shall be disregarded and deemed not to be outstanding for the purpose of any such determination; and provided that for the purposes of determining whether the Trustee shall be protected in relying on any such direction, consent or waiver, only such Bonds which the Trustee knows are so owned shall be disregarded. Bonds so owned that have been pledged in good faith may be regarded as Outstanding for such purpose, if the pledgee shall establish to the satisfaction of the

Trustee the pledgee's right to vote such Bonds and that the pledgee is not the College or an Affiliate of the College. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of Counsel shall be full protection to the Trustee.

"Person" shall mean an individual, a corporation, a partnership, a limited liability company, an association, a joint stock company, a trust, any other unincorporated organization, a governmental body or any other political subdivision, a municipality, a municipal authority or any other group or entity.

"Pledged Revenues" shall mean the amounts payable to or received by the Issuer under or on account of the Loan Agreement.

"Rating Agencies" shall mean Moody's Investors Service ("Moody's"), a division of Moody's Corporation, and Standard & Poor's Ratings Services ("S&P"), a division of The McGraw-Hill Companies, Inc., and their respective successors, but only if it then maintains a credit rating of the Bonds or the College.

"Record Date" shall mean, in respect of the Bonds, the fifteenth (15) day of the calendar month (unless the fifteenth day in question is not a Business Day, in which event the Record Date shall be the last preceding Business Day) next preceding each Interest Payment Date.

"Redemption Price", when used with respect to a Bond, shall mean the principal amount of such Bond plus the applicable premium, if any, payable upon redemption thereof pursuant to the Indenture.

"Regulatory Body" shall mean and include (a) the United States of America and any department of or corporation, agency or instrumentality heretofore or hereafter created, designated or established by the United States of America, (b) the Commonwealth, any political subdivision thereof, and any department of or corporation, agency or instrumentality heretofore or hereafter created, designated or established by the Commonwealth, and (c) any other public or private body having or exercising regulatory jurisdiction and authority over the College or accrediting organizations, but shall not include the Issuer.

"Reserve Fund Requirement" shall mean, as of any particular date of computation, an amount equal to the least of (i) ten percent (10%) of the proceeds (proceeds, for purposes of this definition, means the sum of the original principal amount of the Bonds plus any original issue premium and accrued interest less any original issue discount) of the Bonds; (ii) the maximum amount which shall be payable as interest and principal (whether upon a scheduled interest payment date, maturity, or mandatory sinking fund redemption) on the Bonds during the current or any succeeding Bond Year; and (iii) one hundred twenty-five percent (125%) of the average annual principal and interest requirements on the Bonds during the current and all succeeding Bond Years.

"Revenue Fund" shall mean the fund so designated which is established pursuant to Section 6.3 of this Indenture.

“Securities Depository” or “DTC” shall mean The Depository Trust Company, New York, New York, the securities depository for the Bonds, and any successor thereto permitted by the Indenture.

“Sinking Fund” shall mean the fund so designated which is established pursuant to Section 6.6 of this Indenture.

“Special Record Date” means a date fixed by the Trustee in accordance with Section 2.6 of this Indenture.

“Supplemental Indenture” or “indenture supplemental thereto” shall mean any indenture amending or supplementing the Indenture which may be entered into in accordance with the provisions of this Indenture.

“Supplemental Loan Agreement” shall mean any agreement amending or supplementing the Loan Agreement which may be entered into by the Issuer and the College in accordance with the provisions of the Indenture and the Loan Agreement.

“Tax Compliance Agreement” means the Tax Compliance Agreement, dated the date of issuance of the Project Bonds, among the Issuer, the College, and the Trustee.

“Trustee” shall mean the Trustee named above, and its successor trustee or trustees under the Indenture.

“Trust Estate” shall mean all of the Issuer’s right, title and interest in and to (i) the Loan Agreement (except Unassigned Rights), the Pledged Revenues, the Gross Revenues and any other collateral from time to time securing the College’s obligations under the Loan Agreement; (ii) all moneys and securities held from time to time in the funds and accounts pledged under the Indenture for the benefit of the holders of the Bonds; and (iii) all other property held by the Trustee and pledged under the Indenture for the benefit of the holders of the Bonds.

“UCC” shall mean the Uniform Commercial Code as in effect from time to time in the Commonwealth.

Section 1.2. Interpretation. Any reference herein or in the Loan Agreement to the Issuer or to any member, officer or employee thereof includes entities, members, officers, or employees succeeding to their respective functions, duties, or responsibilities pursuant to or by operation of law or who are lawfully performing their functions.

Any reference herein or in the Loan Agreement to a section or provision of the Act or to a section, provision, or chapter of the Kentucky Revised Statutes, or to any statute of the United States of America, includes that section, provision, or chapter as amended, modified, revised, supplemented, or superseded from time to time; provided, that no amendment, modification, revision, supplement, or superseding section, provision, or chapter shall be applicable solely by reason of this paragraph, if it constitutes in any way an impairment of rights or obligations of the Issuer, the College, the Trustee, the Bondholders or the Bond Insurer under the Indenture, the Loan Agreement, or any other instrument or document entered into in connection with any of the foregoing, including without limitation any alteration of the

obligation to pay the principal or Redemption Price of and the interest on the Bonds in the amounts and manner, at the times, and from the sources provided in the Indenture and the Loan Agreement, except as permitted herein.

In the Indenture and the Loan Agreement, unless the context requires otherwise, words importing the singular number include the plural number and vice versa; the terms “hereof”, “hereby”, “herein”, “hereto”, “hereunder”, “hereinafter” and similar terms refer to this Indenture or the Loan Agreement, respectively; the term “hereafter” means after, and the term “heretofore” means before, the date of delivery of this Indenture or the Loan Agreement, respectively; and words of any gender include the correlative words of the other genders.

Section 1.3 Captions and Headings. The captions and headings in this Indenture and the Loan Agreement are solely for convenience of reference and in no way define, limit or describe the scope or intent of any Articles, Sections, subsections, paragraphs, subparagraphs, or clauses hereof or thereof.

ARTICLE 2.

THE BONDS

Section 2.1 Amounts and Terms of Bonds. The Project Bonds shall be limited to \$25,000,000 in aggregate principal amount, shall be numbered from 1 upwards, shall be in the authorized denomination of \$5,000 or any whole multiple thereof, and shall be substantially in the form set forth in Exhibit A attached hereto. All Bonds shall provide that principal or Redemption Price thereof and interest in respect thereto shall be payable only out of the Trust Estate, but the Issuer, upon deposit with the Trustee by the College or the Bond Insurer of the moneys required for such payment, shall make such other moneys available for that purpose. The Issuer in issuing the Bonds may use Committee on Uniform Security Identification Procedures (“CUSIP”) numbers (if then generally in use), and the Trustee shall use such CUSIP numbers in notices of redemption as a convenience to Bondholders, provided that any such notice shall state that no representation is made as to the correctness of such numbers either as printed on the Bonds or as contained in any notice of redemption and that reliance may be placed only on the identification numbers printed on the Bonds. The Issuer may cause a copy of the text of the opinion of Bond Counsel to be printed on or attached to any of the Bonds, and, upon request of the Issuer and deposit with the Trustee of an executed counterpart of such opinion, the Trustee shall certify by manual signature to the correctness of the copy appearing on the Bonds. All payments of principal or Redemption Price and interest shall be made at the times and places and in the manner set forth in the respective forms of the Bonds. The Project Bonds shall be dated as of June 8, 2006 and interest shall be paid from the dates as set forth in the form of the Project Bonds.

The Project Bonds shall mature and bear interest as set forth below:

<u>Maturity</u> <u>(May 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
2007		
2008		
2009		
2010		
2011		
2012		
2013		
2014		
2015		
2016		
2017		
2018		
2019		
2020		
2021		
2022		
2023		
2024		
2025		
2026		
2027		
2028		
2029		
2030		
2031		

Section 2.1. Execution. The Bonds shall be executed by the manual or facsimile signature of the Chairman or Vice Chairman of the Issuer, and its corporate seal thereon affixed (which may be in facsimile if permitted by law) and shall be attested by the manual or facsimile signature of the Secretary-Treasurer or Assistant Secretary-Treasurer of the Issuer. Bonds executed as above provided may be issued and shall, upon request of the Issuer, be authenticated by the Trustee, notwithstanding that one or both of the officers signing such Bonds shall have ceased to hold office at the time of issuance or authentication or shall not have held office at the date of the Bonds.

Section 2.2. Authentication. No Bond shall be valid until the certificate of authentication shall have been duly executed by the Trustee, and such authentication shall be proof that the Bondholder is entitled to the benefit of the trust hereby created.

Section 2.3. Registration, Transfer and Exchange of Bonds; Persons Treated as Holders. The Project Bonds shall be issuable as fully registered bonds without coupons. The Trustee shall keep the Bond Register at the Designated Office of the Trustee. The Issuer hereby appoints the Trustee its registrar and transfer agent to keep the Bond Register and to effect such registrations and transfers of Bonds on behalf of the Issuer. Bonds may be transferred upon the Bond Register upon delivery to the Trustee of such Bonds, accompanied by a written instrument

or instruments of transfer in form and with guaranty of signature satisfactory to the Trustee, duly executed by the holder of the Bonds to be transferred or his attorney-in-fact or legal representative, containing written instructions as to the details of the transfer of such Bonds. No transfer of any Bond shall be effective until entered on the Bond Register. In like manner Bonds may be exchanged by the holders thereof or by their attorneys for Bonds of the same series and maturity and of authorized denomination or denominations, in the same aggregate principal amount and bearing the same rate or rates of interest.

In all cases of the transfer of a Bond, the Trustee shall enter the transfer of ownership in the Bond Register and shall authenticate and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of authorized denominations of the same series and maturity and interest rate for the aggregate principal amount which the holder is entitled to receive at the earliest practicable time in accordance with the provisions of the Indenture. Any such transfer or any exchange as described herein will be made without charge to the Bondholder, except for the payment of any taxes or other governmental charges relating to such transfer or exchange.

The Trustee shall not be required to issue, exchange, or transfer any Bonds of a series during a period beginning at the opening of business fifteen (15) days before the date of mailing a notice of redemption of Bonds of such series selected for redemption and ending at the close of business on the day of such mailing or for any Bond so selected for redemption in whole or in part.

New Bonds delivered upon any transfer or exchange shall be valid limited obligations of the Issuer, evidencing the same debt as the Bonds surrendered, shall be secured by the Indenture and shall be entitled to all of the security and benefits hereof to the same extent as the Bonds surrendered.

The Issuer, the Trustee, and any additional paying agent may treat the holder of any Bond as the absolute holder thereof for all purposes, whether or not such Bond shall be overdue, and any notice to the contrary shall not be binding upon the Issuer, the Trustee, or any such paying agent.

Section 2.4. Mutilated, Destroyed, Lost or Stolen Bonds. If any Bond shall become mutilated, the Issuer shall execute and the Trustee shall thereupon authenticate and deliver a new Bond of like tenor and denomination in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of such mutilated Bond for cancellation, and the Issuer and the Trustee may require reasonable indemnity therefor. If any Bond shall be reported lost, stolen or destroyed, evidence as to the ownership and the loss, theft or destruction thereof shall be submitted to the Issuer and the Trustee; and if such evidence shall be satisfactory to both and indemnity satisfactory to both shall be given, the Issuer shall execute, and thereupon the Trustee shall authenticate and deliver, a new Bond of like tenor and denomination. The cost of providing any substitute Bond under the provisions of this Section shall be borne by the Bondholder for whose benefit such substitute Bond is provided. If any such mutilated, lost, stolen or destroyed Bond shall have matured or be about to mature, the Trustee may pay to the holder the principal amount of, and accrued interest on, such Bond upon the maturity thereof and the compliance with the aforesaid conditions by such holder, without the issuance of a substitute Bond therefor.

Every substituted Bond issued pursuant to this Section 2.5 shall constitute an additional contractual obligation of the Issuer, whether or not the Bond alleged to have been destroyed, lost or stolen shall be at any time enforceable by anyone, and shall be entitled to all the benefits of the Indenture equally and proportionately with any and all other Bonds duly issued hereunder.

All Bonds shall be held and owned upon the express condition that the foregoing provisions are exclusive with respect to the replacement or payment of mutilated, destroyed, lost or stolen Bonds, and shall preclude any and all other rights or remedies notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement or payment of negotiable instruments, investments or other securities without their surrender.

Section 2.5. Place and Manner of Payment; Persons Entitled Thereto. The principal or Redemption Price of each Bond shall be payable upon surrender thereof at the Designated Office of the Trustee. Such payments shall be made to the holder of the Bond so surrendered, as shown on the Bond Register on the date of payment. In the case of any redemption of less than the entire principal amount of any Bond, the Trustee shall authenticate and deliver to the holder, without charge, a new Bond of the same series, interest rate, and maturity in an authorized denomination equal to the unredeemed principal amount of such Bond.

Interest on any Bond which is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid by check mailed by the Trustee to the address of the holder thereof (as such address appears on the Bond Register) at the close of business on the Record Date for such interest; provided, however, that in the case of Bonds registered in the name of the Securities Depository or its nominee all payments of principal or Redemption Price of, and interest on, the Bonds shall be paid to the Securities Depository or its nominee, Cede & Co., by wire transfer at the address set forth in DTC's Operational Arrangements Memorandum, as amended from time to time (the "DTC Operational Arrangements"). Such payments shall be made to the Securities Depository or its nominee on each interest and principal or redemption payment date in "same-day funds". All payments made by the Trustee to the Securities Depository or its nominee shall fully satisfy the obligation to pay principal and interest, and any applicable redemption premium, on the Bonds to the extent of such payments, and no beneficial holder of any Bond registered in the name of the Securities Depository or its nominee shall have any recourse against the Issuer or the Trustee hereunder or against the College under the Loan Agreement for any failure by the Securities Depository or its nominee to remit such payments to the beneficial holders of such Bonds.

The Bonds, upon original issuance, shall be issued in the form of a single, typewritten fully registered bond for each maturity of the Bonds, in authorized denominations aggregate of the principal amount of Bonds maturing on each such date, and will be delivered to the Securities Depository or its nominee, Cede & Co. Each such Bond shall be registered on the Bond Register maintained by the Trustee, as registrar and transfer agent, in the name of the Securities Depository or, at the Securities Depository's option, in the name of Cede & Co., the Securities Depository's nominee, and no beneficial holders thereof will receive certificates representing their respective interests in such Bonds, except in the event the Trustee issues replacement bonds as provided in this Indenture.

The DTC Operational Arrangements shall not in any way create, expand or limit any undertaking or arrangement contemplated or provided for herein in respect of the Securities Depository or its book-entry registration, payment and notification system or in any other way impose upon the Issuer or the Trustee any obligation whatsoever with respect to beneficial holders having interests in the Bonds, any such obligation extending solely to the Securities Depository, as sole Bondholder, as shown on the Bond Register kept by the Trustee. The Trustee shall take all action required in the DTC Operational Arrangements to be undertaken by the Trustee.

If the College determines either:

- (1) that the Securities Depository is unable to properly discharge its responsibilities; or
- (2) that the interests of the beneficial holders of the Bonds would be adversely affected by the continuation of the book-entry system of transfer;

then the College shall so notify the Trustee and the Trustee shall notify the Securities Depository and request that it notify its participants of such determination and of the availability of certificates with respect to beneficial interests in the Bonds. The Trustee shall cause certificates to be prepared, at the College's expense, for delivery to such beneficial holders, or their nominees, making such adjustments and allowances as it may find necessary or appropriate as to the date of such certificates, accrued interest, and previous call for redemption. In such event, all references to the Securities Depository herein shall relate only to the period of time when the Securities Depository has possession of at least one Bond and shall be applicable only to such Bonds so held.

In the event of a change in the identity of the Securities Depository, or a replacement Securities Depository at the written direction of the College, the Trustee shall request any successor Securities Depository to present to the Issuer, the College, and the Trustee written evidence satisfactory to the Issuer, the College, and the Trustee with respect to its ability to discharge its responsibilities. Any such successor Securities Depository shall be a securities depository which is registered as such under the United States Securities Exchange Act of 1934, as amended, or other applicable statute or regulations, and has done all things required thereby (or, if such requirements are not a requirement of applicable law with respect to the Bonds, the Issuer may permit a successor Securities Depository with comparable qualifications, upon evidence satisfactory thereof being delivered to the College and the Trustee). The Trustee upon its receipt of a Bond certificate for cancellation shall cause the authorization and delivery of Bond certificates to the successor Securities Depository (or its nominee) in appropriate denominations and form as authorized hereunder.

Any interest on any Bond which is payable, but is not punctually paid or provided for, on any Interest Payment Date (herein called "Defaulted Interest") shall forthwith cease to be payable to the holder on the relevant Record Date, and such Defaulted Interest shall be paid to the holder in whose name the Bond is registered at the close of business on a special record date (the "Special Record Date") to be fixed by the Trustee (which shall be a Business Day), such date to be not more than 30 nor less than 20 days prior to the date of proposed payment. The Trustee shall, at the expense of the College, cause notice of the proposed payment date of such

Defaulted Interest and the Special Record Date therefor to be mailed, first class, postage prepaid, to each such holder, at his address as it appears in the Bond Register, not less than 10 days prior to such Special Record Date.

Section 2.6. Temporary Bonds. Pending preparation of definitive Bonds, or by agreement with the purchasers of all Bonds, the Issuer may issue and, upon its request, the Trustee shall authenticate in lieu of definitive Bonds one or more temporary printed or typewritten Bonds in authorized denominations, substantially of the tenor recited above. Upon request of the Issuer, the Trustee shall authenticate definitive Bonds in exchange for and upon surrender of an equal principal amount of temporary Bonds. Until so exchanged, temporary Bonds shall have the same rights, remedies, and security hereunder as definitive Bonds.

Section 2.7. Cancellation and Destruction of Surrendered Bonds. All Bonds surrendered for payment or redemption and all Bonds purchased with moneys available for that purpose in any fund established under the Indenture, or purchased by the College and surrendered to the Trustee in lieu of a sinking fund deposit pursuant to Section 6.6 hereof shall at the time of such payment or redemption be canceled and destroyed by the Trustee. The Trustee shall annually deliver to the Issuer and the College a certificate of destruction in respect of all Bonds destroyed in accordance with this Section 2.8.

Section 2.8. Additional Bonds.

A. Provided that no Event of Default hereunder has occurred and is continuing, and if and to the extent then permitted by law, the Issuer reserves the right, at the request of the College, and with the prior written consent of the Bond Insurer while any of the Project Bonds are Outstanding, to issue Additional Bonds for any purpose permitted by the Act. Except as otherwise provided in the supplement to this Indenture pursuant to which such Additional Bonds may be issued, all Bonds issued under the Indenture shall be equally and ratably payable from and secured by the Pledged Revenues, and shall bear such dates and interest rates, have such maturity dates and redemption dates and Redemption Prices, and be issued at such prices as shall be approved in writing by the Issuer and the College. Such supplemental indentures may also establish separate accounts in the various Funds established hereby in order to provide separate or additional security for the holders of such Additional Bonds.

B. Upon execution and delivery of appropriate supplements to the Indenture and the Loan Agreement, and delivery to the Trustee by the Issuer of the Additional Bonds as executed by the Issuer and an order of the Issuer to authenticate and deliver such Bonds, the Trustee shall authenticate and deliver the Additional Bonds to the purchasers thereof and deposit or transfer the proceeds thereof as directed in the order to authenticate.

ARTICLE 3. ISSUANCE OF PROJECT BONDS

Section 3.1. Issuance of Project Bonds; Application of Proceeds. The Issuer shall issue the Project Bonds upon execution of this Indenture; and the Trustee shall, at the Issuer's request, authenticate such Bonds and deliver them as specified in the request.

Immediately upon receipt by the Issuer of the proceeds of the sale of the Project Bonds, the Issuer shall transfer all such proceeds to the Trustee. The Trustee shall thereupon deposit such proceeds into the Clearing Fund, which is hereby created. The Trustee shall make transfers from the Clearing Fund to the Bond Fund and the Construction Fund, to the Escrow Agent for deposit into the Escrow Fund established under the Escrow Agreement for the refunding of the Prior Bonds, to the Bond Insurer to pay the cost of the Bond Insurance Policy, and to the Persons entitled thereto to pay the costs of issuance of the Bonds, all as set forth in the Closing Receipt and the Closing Statement.

Section 3.2. Closing Statements; Payment by Trustee. The Trustee is authorized to pay or to reimburse the College for the payment of the costs of issuance of the Project Bonds in the amounts set forth in the Closing Statement and to make the deposits to the Funds established hereunder and under the Escrow Agreement as directed in the Closing Receipt as set forth in the Closing Statement. Any balance remaining in the Clearing Fund after payment of all costs of issuance of the Project Bonds shall be transferred to the Construction Fund.

ARTICLE 4. REFUNDING PROJECT

Section 4.1. Refunding Project.

The Trustee shall immediately transfer to the Escrow Agent from the funds deposited into the Clearing Fund pursuant to Section 3.1 hereof the amount set forth in the Closing Statement for deposit into the Escrow Fund established under the Escrow Agreement to effect the refunding of the Prior Bonds as provided in the Escrow Agreement.

ARTICLE 5. CONSTRUCTION FUND

Section 5.1. Establishment of Construction Fund. The Trustee shall establish a Construction Fund for the payment of Costs of the New Money Projects.

The Construction Fund shall consist of the amounts deposited therein pursuant hereto. The amounts in the Construction Fund, until applied as hereinafter provided, shall be held for the security of all Project Bonds Outstanding hereunder. Separate additional accounts within the Construction Fund not inconsistent with the accounts created hereunder shall be maintained by the Trustee upon request of the Issuer or the College whenever, in the opinion of the Issuer or the College, it is appropriate to have a separate accounting in respect of amounts deposited in or disbursed from the Construction Fund. Payments shall be made initially from the Construction Fund to pay any unpaid costs of bond issuance, including, without limitation, legal, engineering and consultant's fees and to pay amounts to be reimbursed to the College for Costs advanced, and thereafter to pay Costs of the New Money Projects.

Section 5.2. Payments from Construction Fund. The Trustee shall make payments from the Construction Fund only upon receipt of a requisition signed by an authorized officer of the College, identifying the Costs to be paid or reimbursed and stating (1) the name and address of the Person to whom the payment is to be made (which may be the College if the College is to be reimbursed for advances made or work done by it and properly chargeable

against the Construction Fund); (2) the amount to be paid or reimbursed; (3) that the Cost was properly incurred by the College and is a proper charge against the Construction Fund; and (4) that the amount requisitioned is due and unpaid.

Section 5.3. Procedure Upon Completion of New Money Projects. To the extent any amount remains unexpended in the Construction Fund after receipt of the certificate required by Section 3.3 of the Loan Agreement, the Trustee shall transfer such amount to the Debt Service Reserve Fund, to the extent the amount on deposit therein is less than the Reserve Fund Requirement, and any excess shall be transferred to the Bond Fund. The amount transferred to the Bond Fund shall be invested at a yield not in excess of the yield on the Project Bonds and applied to the payment of principal of the Project Bonds (whether at maturity, upon redemption, or otherwise) at the earliest practicable date (but the earliest practicable date shall not include any date upon which the Project Bonds are redeemable only at a premium).

Section 5.4. Procedures in the Event New Money Projects Not Completed. In the event the New Money Projects or any portion thereof shall not have been completed by the date that is three years after the date of issuance of the Project Bonds or by such later date, as in the opinion of Bond Counsel, is permitted under the Code, then the proceeds of the Project Bonds shall be either, at the election of the College, (i) retained in the Construction Fund and invested at a yield not in excess of the yield of the Project Bonds, and applied to remaining Costs of the New Money Projects, or (ii) shall be transferred to the Debt Service Reserve Fund, to the extent the amount on deposit therein is less than the Reserve Fund Requirement, and any excess shall be transferred to the Bond Fund and shall be invested at a yield not in excess of the yield on the Project Bonds and applied to the payment of principal of the Project Bonds (whether at maturity, upon redemption, or otherwise) at the earliest practicable date (but the earliest practicable date shall not include any date upon which the Bonds are redeemable only at a premium).

ARTICLE 6.

REVENUES OF THE ISSUER, RECEIPTS AND REVENUES OF THE COLLEGE, AND APPLICATION THEREOF TO FUNDS

Section 6.1. Payments, etc. to Be Sufficient. The Issuer shall require that the College shall make payments under the Loan Agreement so that the Pledged Revenues in any Bond Year are sufficient:

- A. To pay the Administrative Expenses of the Issuer during such Bond Year;
- B. To pay the principal and interest payable on the Bonds during such Bond Year; and
- C. To make up when due any deficiency in the Debt Service Reserve Fund.

Section 6.2. Pledge. The Issuer hereby pledges to the Trustee the Trust Estate as security for the performance of the obligations of the Issuer under the Indenture. The pledge made herein shall be valid and binding from the time such pledge is made, and the covenants and agreements set forth herein to be performed by or on behalf of the Issuer shall be for the equal and ratable benefit, protection and security of the holders of the Bonds, all of which, regardless

of their times of issue and maturity, shall be of equal rank, without preference, priority or distinction over any other Bond except as expressly provided therein or permitted by the Indenture. The Trust Estate held by or deposited with the Trustee shall immediately be subject to the lien of the pledge without any physical delivery thereof or further act. Pursuant to the assignment of the Issuer's rights under the Loan Agreement, the Pledged Revenues shall be paid directly to the Trustee by the College. Upon receipt of any Pledged Revenues or other payments hereunder, the Trustee shall deposit the same in the appropriate account of the Revenue Fund.

Section 6.3. Revenue Fund. The Trustee shall establish a Revenue Fund which shall consist of amounts deposited therein by the Trustee pursuant to Section 6.1 and any other amounts the Issuer or the College may deposit therein.

Section 6.4. Transfers from Revenue Fund to Other Funds. The Trustee shall make transfers from the Revenue Fund to the other Funds established under this Article 6 in the priority as listed in the Schedule of Transfers attached hereto as Exhibit B. If in any period no transfer is required to be made to any particular Fund shown on the Schedule, the Trustee shall transfer the amounts available to the Fund or Funds next in order of priority.

Section 6.5. Bond Fund. The Trustee shall and is hereby instructed to establish a Bond Fund and within such fund two separate accounts to be designated respectively, as the "Interest Account" and the "Principal Account," and the Trustee shall make available to the Issuer's paying agent from moneys in the appropriate account the amount required to pay the principal of Bonds as they mature upon surrender thereof, and the interest on Bonds as it becomes payable. When such Bonds are purchased or redeemed, the amount, if any, in the Interest Account representing interest thereon shall be applied to the payment of accrued interest in connection with such purchase or redemption; and any excess thereof together with any amount in the Principal Account intended for payment of principal of the Bonds purchased or redeemed which is in excess of the amount required for such purchase or redemption shall be, at the option of the College, either retained in the Principal Account or transferred to the Revenue Fund.

The Trustee shall initially deposit into the Interest Account of the Bond Fund from the proceeds of the Bonds an amount equal to the accrued interest on the Bonds from the date thereof to the date of settlement thereon and thereafter the amounts required to be transferred pursuant to Section 6.4 hereof.

At its option, to be exercised on or before the thirtieth (30th) day prior to each May 1 on which Bonds mature by their terms, the College shall be entitled to have credited to its payments otherwise due with respect to the Principal Account, at 100% of the principal amount thereof, each Bond of the maturity coming due on the ensuing May 1 which has been delivered to or purchased by the Trustee in the same manner as, and to the extent permitted under, Section 6.6.B hereof with respect to the Issuer's sinking fund redemption obligations.

Section 6.6. Sinking Fund.

A. The Trustee shall establish a Sinking Fund. The Trustee shall use the Sinking Fund to purchase or redeem Bonds.

There shall be deposited or credited to the Sinking Fund on the last Business Day of March of each year (i) the amounts required to retire Bonds on the ensuing May 1 as set forth in Exhibit B and (ii) amounts paid by the College pursuant to Section 5.2 of the Indenture for optional redemption of the Bonds.

B. At its option, to be exercised on or before the 45th day prior to each of the mandatory redemption dates set forth in Exhibit B, but in no event after the particular Bonds so to be redeemed have been chosen by the Trustee, the College may do any one or more of the following: (a) deliver to the Trustee for cancellation Bonds of the series and maturity subject to redemption, (b) receive a credit with respect to its sinking fund redemption obligation for any Bonds of the series and maturity subject to redemption which prior to said date have been redeemed or purchased (otherwise than through the operation of such sinking fund) and canceled by the Trustee and not theretofore applied as a credit against such sinking fund redemption obligation, or (c) cause moneys to be delivered to the Trustee, for deposit into the Sinking Fund, together with instructions directing the Trustee to apply such funds on or before said 45th day to the purchase of the Bonds of the series and maturity subject to redemption, and the Trustee shall thereupon use all reasonable efforts to expend such funds as nearly as may be practicable for the purchase of such Bonds at a price or prices which shall not exceed the price or prices indicated in the written instructions of the College referred to herein and received by the Trustee. Each Bond so delivered, redeemed or purchased in accordance with clauses A. or B. of this Section 6.6 shall be credited by the Trustee at 100% of the principal amount thereof to the obligation of the Issuer with respect to the Sinking Fund; any excess over such amount shall be credited to such future obligations with respect to the Sinking Fund in accordance with the instructions of the College. The College, will, on or before the 45th day next preceding each sinking fund redemption date, furnish the Trustee with its certificate indicating to what extent, if any, the provisions of clauses A. or B. of this Section 6.6 are to be operative with respect to each such sinking fund payment.

If at any time all the Bonds shall have been purchased, redeemed or paid, the Trustee shall make no further transfers to the Sinking Fund and shall transfer any balance then in such Fund to the Revenue Fund. Whenever Bonds are to be purchased out of the Sinking Fund, the College shall notify the Trustee to arrange for such purchase, and the Trustee shall comply with the College's arrangements provided they conform to the Indenture.

C. Any payments by the College pursuant to Section 7.1 of the Loan Agreement deposited into the Sinking Fund shall be applied as provided in such Section. Any earnings on any such amount deposited into the Sinking Fund shall be transferred upon receipt to the Interest Account of the Bond Fund. In the event the obligation of the College to make payments pursuant to Section 7.1 of the Loan Agreement ceases in accordance with the terms thereof, any amounts previously paid by the College pursuant to such Section, and any earnings thereon, on deposit in the Sinking Fund shall be returned by the Trustee to the College.

Section 6.7. Debt Service Reserve Fund.

A. The Trustee shall establish a Debt Service Reserve Fund, which shall be funded in an amount equal to the Reserve Fund Requirement. The Trustee shall deposit into the Debt Service Reserve Fund the amount required to be deposited therein by the College pursuant to Section 5.7 of the Loan Agreement and thereafter shall transfer to the Debt Service Reserve

Fund any amounts required to be transferred to the Debt Service Reserve Fund pursuant to Sections 5.3 and 5.4 hereof.

B. The amounts in the Debt Service Reserve Fund shall be used by the Trustee to make up any deficiencies in the Bond Fund and the Sinking Fund. In the event the Trustee utilizes any moneys in the Debt Service Reserve Fund to make up any deficiencies in the Bond Fund or the Sinking Fund, the College shall pay pursuant to the Loan Agreement the amount necessary to maintain in the Debt Service Reserve Fund an amount equal to the Reserve Fund Requirement, such amount to be paid by the College in two installments, one-half of such amount to be paid not later than the date six months following such withdrawal and the remainder to be paid no later than the date one year from such withdrawal.

C. If the value of Investment Securities held in the Debt Service Reserve Fund calculated pursuant to Section 7.3 hereof, together with the amount of cash on deposit therein, falls below ninety five percent (95%) of the Reserve Fund Requirement, the Trustee shall notify the College of such deficiency and shall thereupon transfer into the Debt Service Reserve Fund any available funds in the Revenue Fund, and if there remains a deficiency, the College shall pay such deficiency as additional payments or, if the Trustee calculates such deficiency, the Trustee shall promptly notify the College and the College shall pay such deficiency as additional payments under the Loan Agreement within six months after the date of such notice. If at any time the value of the Investment Securities, together with the amount of cash, on deposit therein exceeds the Reserve Fund Requirement, and provided that no Event of Default has occurred and is then continuing hereunder, the College shall be entitled to withdraw the amount of such excess; provided, however, that upon liquidation of any Investment Securities to effect such payment or transfer, the value of the remaining Investment Securities in the Debt Service Reserve Fund, together with the available cash on deposit therein, is not less than the Reserve Fund Requirement. Amounts last remaining on deposit in the Debt Service Reserve Fund shall be applied by the Trustee to pay the corresponding principal amount of the Bonds last maturing or last to be redeemed.

D. At any time the College may, with the prior written consent of the Bond Insurer, deliver to the Trustee in replacement of and substitution for any moneys or Investment Securities on deposit in or credited to the Debt Service Reserve Fund an irrevocable letter of credit, surety bond, financial guaranty insurance policy, guaranty, or other credit instrument (a "Credit Instrument") payable to the Trustee upon demand and in a stated amount which, together with any cash and Investment Securities to remain on deposit in or credited to the Debt Service Reserve Fund, is not less than the Reserve Fund Requirement, in the event all or any portion of such stated amount is required to make up any deficiency in the Bond Fund or the Sinking Fund. Upon the delivery of the Credit Instrument to the Trustee, the Trustee shall, pursuant to the written direction of the College, transfer any moneys or Investment Securities on deposit in or credited to the Debt Service Reserve Fund in excess of the Reserve Fund Requirement, taking into account the stated amount of the Credit Instrument, to the Bond Fund or the Sinking Fund to be applied to the payment of the principal or interest next coming due on the Bonds or release such amount to the College provided that the College shall have provided the Trustee with a Favorable Opinion.

Section 6.8. Procedure When Funds Are Sufficient to Pay All Bonds. If at any time the amounts held by the Trustee in the Funds and Accounts established under this Article 6

are sufficient to pay principal or Redemption Price of and interest on all Bonds then Outstanding to maturity or prior redemption, together with any amounts due the Trustee, the Trustee, at the request of the Issuer, as directed by the College, shall apply the amounts in the Funds and Accounts to the payment of such principal or Redemption Price and interest and the Issuer shall not be required to pay over any further revenues unless and until it shall appear that there is a deficiency in the Funds or Accounts held by the Trustee.

Section 6.9. Moneys to Be Held for All Bondholders, With Certain Exceptions. Moneys and investments in the various Funds and Accounts created under or pursuant to this Article 6 shall, until applied as provided with respect to the Fund or Account in question, be held in trust by the Trustee for the benefit of the holders of all Outstanding Bonds, except that the Sinking Fund shall be held and is pledged specifically for the benefit of the holders of the Bonds entitled thereto.

ARTICLE 7.

SECURITY FOR AND INVESTMENT OR DEPOSIT OF FUNDS

Section 7.1. Deposits and Security Therefor. All moneys received by the Trustee under the Indenture for deposit in any Fund or Account established hereunder shall be considered trust funds, shall not be subject to lien or attachment and shall, except as hereinafter provided, be deposited in the commercial department of the Trustee, until or unless invested or deposited as provided in Section 7.2. All deposits in the commercial department of the Trustee (whether original deposits under this Section 7.1 or deposits or redeposits in time accounts under Section 7.2) shall, to the extent not insured, be fully secured as to principal and interest by Government Obligations. If at any time the commercial department of the Trustee is unwilling to accept such deposits or unable to secure them as provided above, the Trustee may deposit such moneys with any other depository which is authorized to receive them and the deposits of which are insured by the Federal Deposit Insurance Corporation. All deposits in any other depository in excess of the amount covered by insurance (whether under this Section or Section 7.2 as aforesaid) shall, to the extent permitted by law, be fully secured as to both principal and interest by Government Obligations. Such security shall be deposited with a Federal Reserve Bank, with the trust department of the Trustee as authorized by law with respect to trust funds in the Commonwealth, or with a bank or trust company having a combined net capital and surplus of not less than \$50,000,000.

Section 7.2. Investment or Deposit of Funds. The Trustee shall, as directed by the College and subject to the provisions hereof, invest moneys held in any of the Funds and Accounts established hereunder, only in Investment Securities. All investments made pursuant to this Section 7.2 shall mature or be subject to redemption by the holder at not less than the principal amount thereof or the cost of acquisition, whichever is less, and all deposits in time accounts and similar arrangements shall be subject to withdrawal without penalty not later than the date when the amounts will foreseeably be needed for purposes of the Indenture. All securities securing investments under this Section 7.2 shall be (i) (A) in the case of Government Obligations which can be pledged by a book entry notation under regulations of the U.S. Department of the Treasury, appropriately entered on the records of a Federal Reserve Bank, or (B) in the case of other investments, either (1) deposited with the Trustee, with a Federal Reserve Bank, or with a bank or trust company which is acting solely as agent for the Trustee and has a combined net capital and surplus of at least \$50,000,000, or (2) if the investment is shown on the

account of the pledgor on the books of a clearing corporation as defined in Section 8-102(a) of the Uniform Commercial Code as in effect in the Commonwealth, perfected by “control” as defined in Section 9-115 therein, (ii) subject to a perfected first lien security interest in favor of the Trustee, and (iii) free and clear of any claims of third parties. Except as otherwise provided in Section 6.6.C hereof, the interest and income received upon investments and any interest paid by the Trustee or any other depository with respect to moneys in any Fund or Account established hereunder and any profit (or loss) resulting from the sale of securities shall be credited (or debited, in the case of any such loss) to and retained in each such respective Fund or Account to be held and disbursed for the purposes of each such Fund or Account. Upon request of the Issuer, or on its own initiative whenever payment is to be made out of any Fund or Account, the Trustee shall sell such securities as may be requested or required to make the payment and restore the proceeds to the Fund or Account in which the securities were held. Neither the Trustee nor the Issuer shall be accountable for any depreciation in the value of any such security or for any loss resulting from the sale thereof. If the net proceeds from the sale of securities shall be less than the amounts invested, such deficit shall be made up from the Revenue Fund. Any investment made in accordance with this Indenture may (i) be executed by the Trustee or the College by or through the Trustee or its Affiliates, and (ii) be made in securities of any entity for which the Trustee or any of its Affiliates serves as distributor, advisor, or other service provider.

Section 7.3. Valuation of Funds. In computing the assets of any Fund or Account, investments and accrued interest thereon shall be deemed a part thereof, subject to Section 7.2 hereunder. The Trustee shall value such investments as of each May 1 and November 1, at the face value or the current market value thereof, whichever is the less, or at the redemption price thereof, if then redeemable at the option of the holder.

Section 7.4. Investment Restrictions. Notwithstanding anything to the contrary contained in Sections 7.1 and 7.2 hereof, moneys held in any Fund or Account under the Indenture shall be invested in Investment Securities only if the interest rate on such Investment Securities is a market rate as determined in accordance with any regulations promulgated or proposed pursuant to the Code.

Section 7.5. Investment at Discretion of Trustee. If the College shall not give directions as to investment of money held by the Trustee, or if an Event of Default has occurred and is continuing hereunder, the Trustee shall make such investments in Investment Securities as are permitted under applicable law and this Indenture. The Trustee shall be permitted to charge to the College its standard fees and all expenses in connection with any services performed in accordance with this Section 7.5.

ARTICLE 8.

REDEMPTION OF BONDS

Section 8.1. Bonds Subject to Redemption; Selection of Bonds to Be Called for Redemption. The Project Bonds are subject to redemption prior to maturity as provided in this Article 8, in the form of the Project Bonds attached hereto as Exhibit A, and in Section 6.6. If less than all the Bonds of a series and maturity are to be redeemed, the particular Bonds or portions of Bonds of such series and maturity to be called for redemption shall be selected by lot by the Trustee. If less than all Bonds of a series are to be called for redemption the particular

maturities to be redeemed shall be selected by the Trustee, as directed by the College, upon written direction to the Trustee, except that mandatory sinking fund redemptions shall be made in direct order of maturity and Project Bonds to be redeemed pursuant to Section 7.1.A of the Loan Agreement shall be redeemed in inverse order of maturity.

Section 8.2. Notice of Redemption. When required to redeem Bonds under any provision of the Indenture or directed to do so by the College, the Trustee shall cause notice of the redemption to be mailed to the holders of all Bonds to be redeemed at the addresses appearing in the Bond Register. Each such notice shall (i) identify the Bonds to be redeemed, (ii) specify the redemption date and the Redemption Price, (iii) be mailed not less than 30 days and not more than 60 days prior to the redemption date by first class mail, postage prepaid, and (iv) state that on the redemption date the Bonds called for redemption will be payable at the Designated Office of the Trustee and from that date interest thereon will cease to accrue.

If at the time of mailing of notice of redemption the Issuer or the College shall not have deposited with the Trustee moneys sufficient to redeem all the Bonds called for redemption (except in the case of a sinking fund redemption), such notice shall state that it is conditional, that is, subject to the deposit of the redemption moneys with the Trustee not later than the opening of business on the redemption date, and such notice shall be of no effect unless such moneys are so deposited.

No defect affecting any Bond, whether in the notice of redemption or mailing thereof (including any failure to mail such notice), shall affect the validity of the redemption proceedings for any other Bonds.

In addition to the notice described in the preceding paragraph and only if applicable, further notice shall be given by the Trustee as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as prescribed above:

A. Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption, plus (i) the date of issue of the Bonds as originally issued; (ii) the rate of interest borne by each Bond being redeemed; (iii) the maturity date of each Bond being redeemed; and (iv) any other descriptive information needed to identify accurately the Bonds being redeemed.

B. Each further notice of redemption shall be sent at least twenty-five (25) days before the redemption date by registered or certified mail, overnight delivery service, or electronic notification to all registered securities depositories then in the business of holding substantial amounts of obligations similar to the Bonds (such depositories being on the date of execution and delivery hereof The Depository Trust Company of New York, New York, and Philadelphia Depository Trust Company of Philadelphia, Pennsylvania) and to one or more national information services that disseminate notices of redemption of obligations such as the Bonds (such as Moody's Investors Service).

C. Such further notice shall be mailed by first class United States mail, postage prepaid, to *The Bond Buyer* of New York, New York, or to another financial newspaper or journal which regularly publishes notices of redemption of obligations similar to the Bonds.

D. Upon the payment of the Redemption Price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by series and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

The notices required to be given by this Section shall state that no representation is made as to the correctness or accuracy of CUSIP numbers listed in such notice or stated on the Bonds, if CUSIP numbers are required to be printed on the Bonds.

Section 8.3. Payment of Redemption Price. If (a) unconditional notice of redemption has been duly given or duly waived by the holders of all Bonds called for redemption or (b) conditional notice of redemption has been so given or waived and the redemption moneys have been duly deposited with the Trustee, then in either case the Bonds or portion thereof called for redemption shall be payable on the redemption date at the applicable Redemption Price plus accrued interest, if any, to the redemption date. Payment of the Redemption Price together with accrued interest shall be made by the Trustee to or upon the order of the holders of the Bonds called for redemption upon surrender of such Bonds. The Redemption Price, including accrued interest, the expenses of giving notice, and any other expense of redemption shall be paid out of the Sinking Fund or by the Issuer from moneys provided to it by the College, except that the accrued interest shall be paid out of the Interest Account of the Bond Fund as and to the extent provided in Section 6.5 hereof.

ARTICLE 9. COVENANTS OF ISSUER

Section 9.1. Payment of Principal and Interest on Bonds. The Issuer shall promptly pay the interest and premium, if any, on and the principal of every Bond issued hereunder according to the terms hereof, but shall be required to make such payment only out of the Trust Estate; provided that such Bonds are payable solely from the loan repayments and other revenues derived in respect of the loan and do not constitute an indebtedness of the Metro Government within the meaning of the Constitution and laws of the Commonwealth. The Issuer shall appoint solely at the direction of the College one or more paying agents for such purpose, each such agent to be a bank and trust company or a trust company or national banking association having trust powers. At the direction of the College, the Issuer hereby appoints the Trustee to act as paying agent and designates the Designated Office of the Trustee as the place of payment, such appointment and designation to remain in effect until notice of change is filed with the Trustee.

Section 9.2. Issuer's Existence. To the extent permitted by applicable law, the Issuer shall maintain its existence so long as the Bonds are Outstanding.

Section 9.3. Enforcement. The Trustee, as assignee of the Issuer hereunder, shall enforce payment of amounts payable under the Loan Agreement or supplement or amendment thereto or otherwise made subject to the lien and security interest created by the Indenture, and shall otherwise enforce all of its rights and privileges, and honor all of its obligations, thereunder.

Section 9.4. Extension of Time for Payment of Interest, etc. Prohibited. The Issuer shall not extend, or consent to the extension of, the time for payment of any claim for

interest on any of the Bonds and shall not be a party to or approve any arrangement therefor by purchasing or funding or in any manner keeping alive any such claim for interest.

Section 9.5. Financing Statements and Other Action to Protect Security Interests.

The Issuer (at the direction and sole cost of the College) shall cause the Indenture or a financing statement or memorandum relating thereto to be filed, registered and recorded in such manner and at such places as may be required by law fully to protect the security of the holders of the Bonds and the right, title and interest of the Trustee in and to the Trust Estate or any part thereof. From time to time, as reasonably requested by the Trustee, the Issuer (at the direction and sole cost of the College) shall obtain an opinion of Counsel and furnish a signed copy thereof to the Trustee, setting forth what, if any, actions by the Issuer or the Trustee shall be taken to preserve such security. The Issuer (at the direction and sole cost of the College) shall perform or shall cause to be performed any such acts, and execute and cause to be executed any and all further instruments as may be required by law or as shall reasonably be requested by the Trustee for such protection of the interests of the Trustee and the Bondholders, and the College shall furnish satisfactory evidence to the Trustee of recording, registering, filing and refiling of such instrument and of every additional instrument which shall be necessary to preserve the lien of the Indenture upon the Trust Estate or any part thereof until the principal of and interest on the Bonds secured hereby shall have been paid. The Trustee shall execute or join in the execution of any such further or additional instrument and file or join in the filing thereof at such time or times and in such place or places as it may be advised by an opinion of Counsel will preserve the lien of the Indenture upon the Trust Estate or any part thereof until the aforesaid principal shall have been paid.

Section 9.6. Further Assurances; Additional Revenues. The Issuer shall not enter into any contract or take any action by which the rights of the Trustee or the Bondholders may be impaired and shall, from time to time, execute and deliver such further instruments and take such further action as may be required to carry out the purposes of the Indenture. If at any time the Issuer receives any income or payment from or in respect of the College Premises which is not assigned to the Trustee, it shall promptly pay the same to the Trustee for deposit into the Revenue Fund and, at the request of the Trustee, shall execute and deliver an assignment of its right, title and interest in and to future income or payments of the same type to the Trustee to be held as part of Pledged Revenues and file or record such assignment as may be appropriate to perfect the security interest created thereby, provided that this sentence shall not apply to payments received for Administrative Expenses of the Issuer.

ARTICLE 10.
EVENTS OF DEFAULT AND REMEDIES

Section 10.1. Events of Default Defined. Each of the following shall be an “Event of Default” hereunder:

A. if payment of any installment of interest on the Bonds is not made when it becomes due and payable; or

B. if payment of the principal or Redemption Price of any Bond is not made when it becomes due and payable at maturity or upon call for redemption or if any required

transfer is not made into the Sinking Fund established under the Indenture at the time and in the amount required; or

C. if there is a default in paying any amounts due under the Loan Agreement, or any amendments or supplements thereto, or any other default thereunder, which is not cured (if subject to cure) and results in an acceleration of all liabilities under the Loan Agreement; or

D. if the College proposes or makes an assignment for the benefit of creditors or a composition agreement with all or a material part of its creditors, or a trustee, receiver, executor, conservator, liquidator, sequestrator, or other judicial representative, similar or dissimilar, is appointed for the College or any of its assets or revenues, or there is commenced any proceeding in liquidation, bankruptcy, reorganization, arrangement of debts, debtor rehabilitation, creditor adjustment, or insolvency, local, state, or federal, by or against the College and if such is not vacated, dismissed, or stayed on appeal within sixty (60) days; or

E. if an event of default occurs under any instrument evidencing debt of the College as such event of default is defined in such instrument, which gives the holder therein the right to accelerate payment of the entire underlying indebtedness; provided that such debt has an outstanding balance of more than two percent (2%) of the total net assets of the College at the time such event of default occurs; or

F. if the Issuer defaults in the due and punctual performance of any other covenant in the Bonds, the Indenture or the Loan Agreement and such default continues for 30 days after written notice requiring the same to be remedied shall have been given to the Issuer and the College by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the holders of not less than 25% in principal amount of Bonds then Outstanding; provided, however, that if such performance requires work to be done, actions to be taken, or conditions to be remedied, which by their nature cannot reasonably be done, taken, or remedied, as the case may be, within such 30-day period, no Event of Default shall be deemed to have occurred or to exist if, and so long as, the Issuer shall commence or cause the College to commence such performance within such 30-day period, and the Issuer or the College shall, subject to Section 16.1.D hereof, diligently and continuously prosecute the same to completion.

Section 10.2. Acceleration and Annulment Thereof. If any Event of Default has occurred and is continuing the Trustee may, and upon written request of the holders of (i) in the case of an Event of Default described in subsection A., B., C., or D. of Section 10.1 hereof, 25% in principal amount of the Bonds then Outstanding or (ii) in the case of an Event of Default described in subsection E. or F. of Section 10.1 hereof, a majority in principal amount of the Bonds then outstanding, shall, but in either such event only with the prior written consent of the Bond Insurer, and upon being indemnified to its satisfaction, by notice in writing to the Issuer, declare the principal of all Bonds then Outstanding to be immediately due and payable, and upon such declaration the said principal, together with interest accrued thereon, shall become due and payable immediately at the place of payment provided therein, anything in the Indenture or in the Bonds to the contrary notwithstanding.

If after the principal of the Bonds has been so declared to be due and payable, all arrears of interest upon the Bonds are paid by the College, and the College also performs all

other things in respect to which it may have been in default hereunder and pays the reasonable charges of the Trustee and the Bondholders, including reasonable attorneys' fees, then, and in every such case, the holders of a majority in principal amount of the Bonds then Outstanding, with the prior written consent of the Bond Insurer, by written notice to the Issuer, the Trustee and the College, may annul such declaration and its consequences and such annulment shall be binding upon the Trustee and upon all holders of Bonds issued hereunder; but no such annulment shall extend to or affect any subsequent default or impair any right or remedy consequent thereon.

Section 10.3. Environmental Liability. Before taking any foreclosure action or any action which may subject the Trustee to liability under any Environmental Law, the Trustee may require that a satisfactory indemnity bond, indemnity, or environmental impairment insurance be furnished for the payment or reimbursement of all expenses to which it may be put and to protect it against all liability resulting from any environmental liability which may result from such foreclosure or other action.

With the prior written consent of the Bond Insurer, the Trustee may use funds in the Trust Estate to pay expenses or obligations resulting from environmental liability and remediation that become due and owing during the administration of the trusts created hereby, provided that neither the Trustee nor any officer or employee of the Trustee was guilty of personal fault in creating such environmental liability.

Section 10.4. Legal Proceedings by Trustee. If any Event of Default has occurred and is continuing, the Trustee in its discretion may, and upon the written request of the holders of, (i) in the case of an Event of Default described in subsection A., B., C., or D. of Section 10.1 hereof, 25% in principal amount of the Bonds then Outstanding or (ii) in the case of an Event of Default described in subsection E. or F. of Section 10.1 hereof, a majority in principal amount of the Bonds then Outstanding, and receipt of indemnity to its satisfaction shall, in its own name:

A. by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Bondholders, and require the College to carry out any other agreements with, or for the benefit of, the Bondholders and to perform its duties under the Act;

B. bring suit upon the Bonds;

C. by action or suit in equity require the College to account as if it were the Trustee of an express trust for the Bondholders;

D. by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Bondholders;

E. exercise any or all other rights and remedies provided for by the Act or by any other law relating to the Bonds or any agreement to which it is a party or which has been assigned to it; and

F. by any suit, action, or special proceeding in equity or at law, compel either the specific performance of any covenant or agreement contained herein or in aid or execution of any power granted herein.

Section 10.5. Discontinuance of Proceedings by Trustee. If any proceeding taken by the Trustee on account of any default is discontinued or is determined adversely to the Trustee, the Issuer, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder as though no such proceeding had been taken.

Section 10.6. Bond Insurer May Direct Proceedings. The Bond Insurer, acting alone, shall have the right, after furnishing indemnity satisfactory to the Trustee, to direct the method and place of conducting all remedial proceedings by the Trustee hereunder, provided such directions shall not be otherwise than in accordance with law and the provisions of the Indenture.

Section 10.7. Limitations on Actions by Bondholders. No Bondholder shall have any right to pursue any remedy hereunder unless (a) the Trustee shall have been given written notice of an Event of Default, (b) the holders of a majority in principal amount of the Bonds then Outstanding shall have requested the Trustee, in writing, to exercise the powers hereinabove granted or to pursue such remedy in its or their name or names, (c) the Trustee shall have been offered indemnity satisfactory to it against costs, expenses and liabilities, including reasonable attorneys' fees, and (d) the Trustee shall have failed to comply with such request within a reasonable time.

Section 10.8. Trustee May Enforce Rights without Possession of Bonds. All rights under the Indenture and the Bonds may be enforced by the Trustee without the possession of any Bonds or the production thereof at the trial or other proceedings relative thereto, and any proceeding instituted by the Trustee shall be brought in its name for the ratable benefit of the holders of the Bonds.

Section 10.9. Remedies Not Exclusive. Except as limited under Section 17.1 of this Indenture, no remedy herein conferred is intended to be exclusive of any other remedy or remedies, and each remedy is in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

Section 10.10. Delays and Omissions Not to Impair Rights; Effect of Waivers.

A. No delay or omission in respect of exercising any right or power accruing upon any default shall impair such right or power or be a waiver of such default, and every remedy given by this Article may be exercised from time to time and as often may be deemed expedient.

B. No waiver of any default or Event of Default hereunder shall extend to or affect any subsequent default or Event of Default or impair any rights or remedies consequent thereon.

Section 10.11. Application of Moneys in Event of Default. Any moneys received by the Trustee under this Article 10 shall be applied:

First: to the payment of the costs of the Trustee, including reasonable attorneys' fees, any disbursements of the Trustee with interest thereon and its reasonable compensation;

Second: to the payment of costs and expenses of the Issuer, including its reasonable attorneys' fees incurred in connection with the Event of Default;

Third: to the payment of principal or Redemption Price (as the case may be) of and interest then owing on the Bonds and in case such moneys shall be insufficient to pay the same in full, then to the payment of principal or Redemption Price and interest ratably, without preference or priority of one Bond over another or of any installment of interest over any other installment of interest or of principal over interest or interest over principal;

Fourth: to the payment of the costs and expenses of the Bond Insurer, including its reasonable attorneys' fees incurred in connection with the Event of Default; and

Fifth: to the payment of any arbitrage rebate payments required to be made pursuant to the Tax Compliance Agreement.

The surplus, if any, shall be paid to the College or the Person lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

Section 10.12. Trustee's Right to Receiver; Compliance with Act. The Trustee shall be entitled as of right to the appointment of a receiver; and the Trustee, the Bondholders and any receiver so appointed shall have such rights and powers and be subject to such limitations and restrictions as are contained in the Act.

Section 10.13. Rights and Remedies of Bondholders. No holder of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of this Indenture or for the execution of any trust hereof or for the appointment of a receiver or any other remedy hereunder or under the Bonds unless a default shall have become an Event of Default, such holder previously shall have given to the Trustee written notice of the Event of Default and the holders of a majority in principal amount of the Bonds then Outstanding shall have made written request to the Trustee and shall have offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, nor unless also they have offered to the Trustee indemnity as provided in Section 10.3, nor unless the Trustee shall for a period of 30 days thereafter fail or refuse to exercise the power hereinbefore granted, or to institute such action, suit, or proceeding in its own name; and such notification, request, and offer of indemnity are hereby declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of this Indenture, and to any action or cause of action for the enforcement of this Indenture or for the appointment of a receiver or for any other remedy hereunder; it being understood and intended that no one or more holders of the Bonds shall have any right in any manner whatsoever to affect, disturb, or prejudice the security of this Indenture by its, his, or their action or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had, and maintained in the manner herein provided and for the equal and ratable benefit of the holders of all Bonds. Nothing in this Indenture shall, however, affect or impair the right of any holder to enforce the payment of the

principal of and premium, if any, and interest on any Bond at and after the maturity thereof, or the obligation of the Issuer to pay the principal of and premium, if any, and interest on each of the Bonds to the respective holders thereof at the time and place from the sources and in the manner set forth in the Bond.

ARTICLE 11. THE TRUSTEE

Section 11.1. Acceptance of Trust. The Trustee accepts and agrees to execute the trusts imposed upon it by this Indenture and the Loan Agreement and is expressly authorized and directed to exercise the rights under the Loan Agreement granted to it hereunder upon the terms and conditions set forth herein and therein. The Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture and no implied duties, covenants or obligations shall be read into this Indenture against the Trustee. In case an Event of Default hereunder has occurred and is continuing, the Trustee agrees to exercise such rights and powers vested in it by this Indenture and the Loan Agreement and shall use the same degree of care as a prudent person would exercise or use in the circumstances in the conduct of his own affairs.

Section 11.2. No Responsibility for Recitals. etc. The recitals, statements, and representations in the Indenture or in the Bonds, save only the Trustee's certificate of authentication upon the Bonds, have been made by the Issuer and not by the Trustee; and the Trustee shall be under no responsibility for the correctness thereof.

Section 11.3. Trustee May Act Through Agents; Answerable Only for Willful Misconduct or Negligence. The Trustee may execute any powers hereunder and perform any duties required of it through attorneys or agents, and shall be entitled to advice of Counsel concerning all questions hereunder; and the Trustee shall not be answerable for the default or misconduct of any attorney or agent selected by it with reasonable care. The Trustee shall not be answerable for the exercise of any discretion or power under the Indenture nor for anything whatever in connection with the trust hereunder, except only its own willful misconduct or negligence.

Section 11.4. Compensation and Indemnity. The College shall pay the Trustee pursuant to the Loan Agreement reasonable fees for its services and reimbursement of advances, Counsel fees and other expenses reasonably and necessarily made or incurred by the Trustee in connection with its services under the Indenture and the Loan Agreement.

To secure the payment or reimbursement to the Trustee provided for in this Section, the Trustee shall have a senior claim, to which the Bonds are made subordinate, on all money or property held or collected by the Trustee, except money or property held under Article 14 or otherwise held in trust to pay principal of and interest on particular Bonds.

Section 11.5. No Duty to Renew Insurance. The Trustee shall be under no duty to effect or to renew any insurance policy nor shall it incur any liability for the failure of the College to effect or renew insurance or to report or file claims of loss thereunder. To the extent

the Trustee receives proceeds of insurance or condemnation proceeds relating to the College Premises, it will apply such proceeds in accordance with Article 6 of the Loan Agreement.

Section 11.6. Notice of Default; Right to Investigation. The Trustee shall, within 30 days after the occurrence thereof, give written notice by first class mail to holders of Bonds of all Events of Default known to the Trustee, unless such Events of Default have been remedied. In the case of a default in payment of principal or interest or premium or sinking fund requirements, the Trustee shall give notice thereof within five Business Days by first class mail to the Issuer, the College and the holders of the Bonds. The Trustee shall not be deemed to have notice of any default under clauses D. through F. of Section 10.1 unless notified in writing of such default by the holders of at least 25% in principal amount of the Bonds then Outstanding. The Trustee may (but shall be under no duty to), however, at any time require of the College full information as to the performance of any of its obligation hereunder or under the Loan Agreement or the Tax Compliance Agreement, and if information satisfactory to it is not forthcoming, the Trustee may make or cause to be made, at the expense of the College, an investigation into the affairs of the Issuer or the College related to the Indenture, the Loan Agreement, the Tax Compliance Agreement, the Project and the College Premises.

Section 11.7. Obligations to Act on Defaults. The Trustee shall be under no obligation to take any action in respect of any default or otherwise, or toward the execution or enforcement of any of the trusts hereby created, or to institute, appear in or defend any suit or other proceeding in connection therewith, unless requested in writing so to do by the Bond Insurer or, with the prior written consent of the Bond Insurer, the holders of at least twenty-five percent (25%) in principal amount of the Bonds then Outstanding, and, if in its opinion such action may tend to involve it in expense or liability unless furnished, from time to time as often as it may require, with security and indemnity satisfactory to it; but the foregoing provisions are intended only for the protection of the Trustee, and shall not affect any discretion or power given by any provision of the Indenture to the Trustee to take action in respect to any default without such notice or request from the Bondholders, or without such security or indemnity.

Section 11.8. Reliance on Requisitions, etc. The Trustee may act on any requisition, resolution, notice, telegram, request, consent, waiver, certificate, statement, affidavit, voucher, bond, or other paper or document which it in good faith believes to be genuine and to have been passed or signed by the proper persons or to have been prepared and furnished pursuant to any of the provisions of the Indenture; and the Trustee shall be under no duty to make any investigation as to any statement contained in any such instrument, but may accept the same as conclusive evidence of the accuracy of such statement in the absence of actual notice to the contrary.

Section 11.9. Trustee May Deal in Bonds. The Trustee may in good faith buy, sell, own, hold and deal in any of the Bonds and may join in any action which any Bondholders may be entitled to take with like effect as if the Trustee were not a party to the Indenture. The Trustee may also engage in or be interested in any financial or other transaction with the College or the Issuer, provided that if the Trustee determines that any such relation is in conflict with its duties under the Indenture, it shall eliminate the conflict or resign as Trustee.

Section 11.10. Allowance of Interest. Upon request of the Issuer the Trustee may, to the extent permitted by law, allow interest upon any moneys which it receives under the

Indenture at such rate as it customarily allows upon funds deposited under similar conditions (except as provided in Section 14.2 hereof).

Section 11.11. Construction of Ambiguous Provisions. The Trustee may construe any ambiguous or inconsistent provisions of the Indenture, and any construction by the Trustee shall be binding upon the Bondholders. The Trustee shall give prompt notice to the Issuer and the College of any intention to make such construction.

Section 11.12. Resignation of Trustee. The Trustee may resign and be discharged of the trusts created by the Indenture by written resignation sent to the Issuer, the College and the Bondholders at least thirty days prior to such resignation. Such resignation shall take effect only upon the appointment of a successor Trustee.

Section 11.13. Removal of Trustee. Any Trustee hereunder may be removed at any time by an instrument appointing a successor to the Trustee so removed, executed by the holders of a majority in principal amount of the Bonds then Outstanding and filed with the Trustee, the Issuer and the College. So long as no Event of Default has occurred and is continuing, the College shall have the right to remove the Trustee by providing a written statement to the Issuer and the Trustee appointing a successor Trustee.

Section 11.14. Appointment of Successor Trustee. If the Trustee or any successor trustee resigns or is removed or dissolved, or if its property or business is taken under the control of any state or federal court or administrative body, a vacancy shall forthwith exist in the office of the Trustee, the Issuer shall appoint a successor acceptable to the College and such successor shall promptly give written notice of such appointment by first-class mail to the holders of all Outstanding Bonds. If the Issuer fails to make such appointment within 30 days, the holders of a majority in principal amount of the Bonds then Outstanding may do so. If a successor Trustee shall not have been appointed within 30 days after such resignation or removal, the Trustee, the College or any Bondholder may apply to any court of competent jurisdiction to appoint a successor to act until such time, if any, as a successor shall have been appointed as above provided. The successor so appointed by such court shall immediately and without further act be superseded by any successor appointed as above provided.

Section 11.15. Qualification of Successor. A successor trustee shall be a national bank with trust powers or a commercial bank and trust company having capital and surplus of at least \$50,000,000.

Section 11.16. Instruments of Succession. Any successor trustee shall execute, acknowledge and deliver to the Issuer and the College an instrument accepting such appointment hereunder; and thereupon such successor trustee, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessor in the trust hereunder, with like effect as if originally named Trustee herein. The Trustee ceasing to act hereunder shall pay over to the successor trustee all moneys held by it hereunder; and, upon request of the successor trustee, the Trustee ceasing to act and the Issuer shall execute and deliver an instrument transferring to the successor trustee all the estate, properties, rights, powers and trusts hereunder of the Trustee ceasing to act.

Section 11.17. Merger of Trustee. Any corporation or association into which the Trustee hereunder may be merged or with which it may be consolidated, or any corporation or association resulting from any merger or consolidation to which any Trustee hereunder shall be a party, shall be the successor trustee under the Indenture, without the execution or filing of any paper or any further act on the part of the parties hereto, anything herein to the contrary notwithstanding, provided, however, that such successor corporation continuing to act as Trustee shall meet the requirements of Section 11.15 hereof, and if such corporation does not meet the aforesaid requirements, a successor Trustee shall be appointed pursuant to this Article 11.

Section 11.18. Reports of Trustee. The Trustee shall provide monthly transaction statements and such other reports as may be reasonably required by the College including satisfactory evidence of the collateralization of any certificates of deposit issued by its commercial department.

Section 11.19. No Obligation to Review College or Issuer Reports. The Trustee shall not have any obligation to review any financial statement or report provided to the Trustee by the College or the Issuer pursuant to this Indenture or the Loan Agreement, nor shall the Trustee be deemed to have notice of any item contained therein or Event of Default which may be disclosed therein in any manner. The Trustee's sole responsibility with respect to such reports shall be to act as the depository for such reports for the Bondholders and to make such reports available for review by the Bondholders in accordance with this Indenture.

ARTICLE 12. ACTS OF BONDHOLDERS

Section 12.1. Acts of Bondholders. Any action to be taken by Bondholders may be evidenced by one or more concurrent written instruments of similar tenor signed or executed by such Bondholders in person or by agent appointed in writing. The fact and date of the execution by any person of any such instrument may be proved by a guarantee of the signature thereon by a bank or trust company or by the certificate of any notary public or other officer authorized to take acknowledgments of deeds, that the person signing such request or other instrument acknowledged to him the execution thereof or by an affidavit of a witness to such execution, duly sworn to before such notary public or other officer. Where such execution is by an officer of a corporation or a member of a partnership, on behalf of such corporation or partnership, such signature guarantee, certificate, or affidavit shall also constitute sufficient proof of his authority. The fact and date of the execution of any such instrument or writing, or the authority of the person executing the same, may also be proved in any other manner which the Trustee deems sufficient. The ownership of Bonds and the amount, numbers and other identification, and the date of holding the same shall be proved by the Bond Register. Any action by the holder of any Bond shall bind all future holders of the same Bond in respect of anything done or suffered by the Issuer or the Trustee in pursuance thereof.

ARTICLE 13. AMENDMENT AND SUPPLEMENT

Section 13.1. Amendments and Supplements without Consent of Bond Insurer or Bondholders. The Indenture may be amended or supplemented from time to time, without the consent of, or notice to, the Bondholders, but with prior written notice thereof to the Bond

Insurer, by a Supplemental Indenture authorized by a Certified Resolution of the Issuer filed with the Trustee, for one or more of the following purposes:

A. to add additional covenants of the Issuer or to surrender any right or power herein conferred upon the Issuer;

B. for any purpose not inconsistent with the terms of the Indenture or to cure any ambiguity, supply any omission or to cure, correct or supplement any defective (whether because of any inconsistency with any other provisions hereof or otherwise) provision of the Indenture in such manner as shall not be inconsistent with the Indenture (which cured, corrected or supplemented provision shall supersede any actions taken by the Trustee under Section 11.11 hereof) and shall not impair the security hereof or adversely affect the Bondholders;

C. to amend or supplement the Indenture or any indenture supplemental hereto in such manner as Bond Counsel may request in order to give an opinion that the interest on the Bonds will not be included in the gross income of the holders of the Bonds for federal income tax purposes so long as such amendments or supplements do not adversely affect the rights of the Bondholders hereunder;

D. to insert such provisions clarifying matters or questions arising under the Indenture as are necessary or desirable and are not contrary to or inconsistent with the Indenture as theretofore in effect;

E. to amend or supplement the Indenture or the Bonds to permit qualification under the Trust Indenture Act of 1939 or any similar federal statute at the time in effect, or to permit the qualification of the Bonds for sale under the securities laws of any state of the United States;

F. to preserve the exclusion from gross income of interest on the Bonds for federal income tax purposes;

G. To make necessary or advisable amendments or additions in connection with the issuance of Additional Bonds in accordance with Section 2.9 hereof as do not adversely affect the Holders of outstanding Bonds; and

H. to modify any of the provisions of the Indenture in any other respect whatever, provided that (i) such modification shall be, and be expressed to be, effective only after all Bonds Outstanding at the date of the adoption of such Supplemental Indenture shall cease to be Outstanding, and (ii) such Supplemental Indenture shall be specifically referred to in the text of all Bonds issued after the date of the adoption of such supplemental Indenture and of Bonds issued in exchange therefor or in place thereof.

Section 13.2. Amendments with Consent of Bond Insurer and Bondholders. Any amendment or supplement of the Indenture and of the rights and obligations of the Issuer and of the holders of the Bonds thereunder, in any particular, may be made by a Supplemental Indenture, with the written consent of the Bond Insurer and the holders of a majority in principal amount of the Bonds Outstanding at the time such consent is given. No such amendment or supplement shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount

or the Redemption Price, if any, thereof, or in the rate of interest thereon or the security provisions hereof without the consent of the holders of such Bond, or shall reduce the percentage of Bonds the consent of the holders of which is required to effect any such amendment or supplement, or shall change or modify any of the rights or obligations of the Trustee without the written assent thereto of the Trustee in addition to the consent of the Bond Insurer and the Bondholders.

Section 13.3. Consent of Bond Insurer and Bondholders. The Issuer may at any time adopt a Supplemental Indenture making a supplement or amendment permitted by the provisions of Section 13.2, to take effect when and as provided in this Section. A copy of such Supplemental Indenture, together with a request to the Bond Insurer and the Bondholders for their consent thereto in form satisfactory to the Trustee, shall be mailed by the Issuer to the Bond Insurer and the Bondholders (but failure to mail such copy and request shall not affect the validity of the Supplemental Indenture when consented to as in this Section provided). Such Supplemental Indenture shall not be effective unless and until (i) there shall have been filed with the Trustee (a) the written consents of the Bond Insurer and the holders of a majority in principal amount of the Outstanding Bonds and (b) a Favorable Opinion stating that such Supplemental Indenture has been duly and lawfully adopted by the Issuer in accordance with the provisions of the Indenture, is authorized or permitted by the Indenture, and is valid and binding upon the Issuer and enforceable in accordance with its terms, and (ii) a notice shall have been given as hereinafter in this Section 13.3 provided. Each such consent of a Bondholder shall be effective only if accompanied by proof of the ownership, at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by Section 12.1. A certificate or certificates executed by the Trustee and filed with the Trustee stating that it has examined such proof and that such proof is sufficient in accordance with Section 12.1 shall be conclusive that the consents have been given by the holders of the Bonds described in such certificate or certificates of the Trustee. Any such consent shall be irrevocable and binding upon the holder of the Bonds giving such consent and, anything in Section 12.1 to the contrary notwithstanding, upon any subsequent holder of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent holder thereof has notice thereof). Any time after the Bond Insurer and the holders of a majority in principal amount of the Outstanding Bonds shall have filed their consents to the Supplemental Indenture, the Trustee shall make and file with the Issuer a written statement that such consents have been filed. Such written statement shall be conclusive that such consents have been so filed. At any time thereafter, notice, stating in substance that the Supplemental Indenture (which may be referred to as a Supplemental Indenture adopted by the Issuer on a stated date, a copy of which is on file with the Trustee) has been consented to by the Bond Insurer and the holders of a majority in principal amount of the Bonds and will be effective as provided in this Section 13.3, may be given to the Bond Insurer and the Bondholders by the Issuer by mailing such notice to the Bond Insurer and the Bondholders (but failure to mail such notice shall not prevent such Supplemental Indenture from becoming effective and binding as in this Section 13.3 provided). The Issuer shall file with the Trustee proof of the mailing of such notice. A record, consisting of the papers required or permitted by this Section 13.3 to be filed with the Trustee, shall be proof of the matters therein stated. Such Supplemental Indenture making such amendment or supplement shall be deemed effective and conclusively binding upon the Issuer, the Trustee, the Bond Insurer and the holders of all Outstanding Bonds at the expiration of 7 days after the filing with the Trustee of the proof of the mailing of such last mentioned notice, except in the event of a final decree of a court of

competent jurisdiction setting aside such supplemental Indenture in a legal action or equitable proceeding for such purpose commenced within such 7 day period; provided, however, that the Trustee and the Issuer during such 7 day period and any such further period during which any such action or proceeding may be pending shall be entitled in their absolute discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Indenture as they may deem expedient.

Section 13.4. Amendment by Unanimous Consent. The terms and provisions of the Indenture and the rights and obligations of the Issuer and of the holders of the Bonds thereunder may be supplemented or amended in any respect upon the execution and delivery and filing by the Issuer of a Supplemental Indenture and the consent of the Bond Insurer and the holders of all the Bonds then Outstanding, such consent to be given as provided in Section 13.3 except that no notice to the Bondholders shall be required; provided, however, that no such supplement or amendment shall change or modify any of the rights or obligations of the Trustee without the written assent thereto of the Trustee in addition to the consent of the Bond Insurer and the Bondholders.

Section 13.5. Exclusion of Bonds. Bonds owned or held by or for the account of the Issuer or the College shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in this Article 13, and the Issuer shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in this Article 13. At the time of any consent or other action taken under this Article 13, the Issuer and/or the College shall furnish the Trustee with an Officers' Certificate, upon which the Trustee may rely, describing all Bonds so to be excluded.

Section 13.6. Notation on Bonds. Bonds authenticated and delivered after the effective date of any action taken as in this Article 13 provided may, and, if the Trustee so determines, shall bear a notation by endorsement or otherwise in form approved by the Issuer and the Trustee as to such action, and in that case upon demand of the holder of any Bond Outstanding at such effective date and presentation of his Bond for the purpose at the Designated Office of the Trustee or upon any transfer or exchange of any Bond Outstanding at such effective date, suitable notation shall be made on such Bond or upon any Bond issued upon any such transfer or exchange by the Trustee as to any such action. If the Issuer or the Trustee shall so determine, new Bonds so modified as in the opinion of the Trustee and the Issuer to conform to such action shall be prepared, authenticated and delivered, and upon demand of the holder of any Bond then Outstanding shall be exchanged, without cost to such Bondholder, for Bonds of the same series and maturity then Outstanding, upon surrender of such Bonds.

Section 13.7. Trustee Authorized to Join in Amendments and Supplements: Reliance on Counsel. The Trustee is authorized to join with the Issuer in the execution and delivery of any supplemental Indenture permitted by this Article 13 and in so doing shall be fully protected by an opinion of Counsel that such Supplemental Indenture is so permitted and has been duly authorized by the Issuer and that all things necessary to make it a valid and binding agreement have been done.

Section 13.8. Amendment of Loan Agreement without Consent of Bondholders. The Issuer may enter into, and the Trustee may consent to, any amendment of or supplement to the Loan Agreement without notice to or consent of any Bondholders, but with prior written

notice to the Bond Insurer, if the amendment or supplement is required (a) by the provisions of the Loan Agreement or the Indenture, (b) to cure any ambiguity, inconsistency or formal defect or omission in the Loan Agreement, (c) to identify more precisely the New Money Projects, (d) in connection with the issuance of any Additional Bonds under this Indenture, (e) in connection with any authorized amendment of or supplement to the Indenture or (f) to make any change that does not materially adversely affect the rights of any Bondholder.

Section 13.9. Amendment of Loan Agreement with Consent of Bondholders. If an amendment of or supplement to the Loan Agreement without any consent of the Bondholders is not permitted by the foregoing Section, the Issuer may enter into, and the Trustee may consent to, such amendment or supplement of the Loan Agreement with prior written notice to the Bond Insurer and the Bondholders and with the consent of the Bond Insurer and the holders of a majority in principal amount of the Bonds then Outstanding. However, without the consent of each Bondholder affected, no amendment or supplement may result in anything which would (1) decrease the amounts payable under the Loan Agreement, (2) change the dates of payment under the Loan Agreement, or (3) change any provisions of the Loan Agreement with respect to amendment thereof.

Section 13.10. Consents by Trustee and College to Amendments or Supplements. The Trustee and the College shall consent to any amendment or supplement to the Loan Agreement authorized by this Article if the amendment or supplement does not adversely affect the rights, duties, liabilities or immunities of the Trustee or the College. Otherwise, the Trustee or the College may, but need not, consent to such amendment. In consenting to an amendment of or supplement to the Loan Agreement, the Trustee and the College shall be entitled to receive and shall be fully protected in relying on an opinion of Counsel stating that such amendment or supplement is authorized by the Indenture.

Section 13.11. Notice to Rating Agencies of Amendments or Supplements. Promptly after the adoption thereof, the Trustee shall notify each Rating Agency of the adoption of any amendment or supplement to the Indenture or the Loan Agreement, enclosing with such notice a copy of the amendment or supplement, but the failure of the Trustee to send notice of any such amendment or supplement shall not affect the validity thereof.

ARTICLE 14. DEFEASANCE

Section 14.1. Defeasance. When the interest on, and principal or Redemption Price (as the case may be) of, all Bonds issued hereunder have been paid, or there shall have been deposited (in accordance with the provisions and in the manner set forth in Section 14.2 hereof) with the Trustee an amount comprised of moneys or Defeasance Obligations, and the principal of and interest on such securities, when due, without reinvestment, will provide sufficient moneys to fully pay the principal or Redemption Price of and interest on the Bonds, when due, as well as all other sums payable hereunder by the Issuer, all right, title and interest of the Trustee to the Trust Estate shall thereupon cease and the Trustee, on demand of the Issuer or the College, shall release the Indenture and shall execute such documents to evidence such release as may be reasonably required by the Issuer or the College and shall turn over to the College or to such person, body, or authority as may be entitled to receive the same all balances remaining in any Funds and Accounts hereunder, except the amount deposited for the payment

of debt service on the Bonds. Notwithstanding the foregoing, the rights of the Trustee to indemnification hereunder shall survive the termination of this Indenture.

Section 14.2. Deposit of Funds for Payment of Bonds. If the College deposits with the Trustee funds sufficient to pay the principal or Redemption Price of any Bonds becoming due, either at maturity or by call for redemption or otherwise, together with all interest accruing thereon to the due date, then interest on the Bonds shall cease to accrue on the due date and all liability of the Issuer and the College with respect to such Bonds shall likewise cease, except as otherwise provided herein; provided, however, that if such Bonds are to be redeemed prior to maturity thereof, there shall have been taken all action necessary to call such Bonds for redemption and notice of such redemption shall have been duly given or provision satisfactory to the Trustee shall have been made for the giving of such notice. Thereafter such Bonds shall be deemed not to be Outstanding hereunder and the holders of such Bonds shall be restricted exclusively to the fund so deposited for any claim of whatsoever nature with respect to such Bonds, and the Trustee shall hold such funds in trust for such holders.

Whenever moneys or obligations shall be deposited with the Trustee for the payment or redemption of Bonds more than 60 days prior to the date that such Bonds are to mature or be redeemed, the Trustee shall mail, by first class mail, postage prepaid, a notice to the holders of Bonds for the payment of which such moneys or obligations are being held at their registered addresses stating that such moneys or obligations have been deposited.

Moneys so deposited with the Trustee which remain unclaimed five (5) years after the date payment thereof becomes due shall, upon request of the College, if the College is not at the time to the knowledge of the Trustee in default with respect to any covenant contained in the Indenture, the Loan Agreement or the Bonds be paid to the College; and the holders of the Bonds for which the deposit was made shall thereafter be limited to a claim against the College.

ARTICLE 15. MEETINGS OF HOLDERS

Section 15.1. Purposes of Meetings. A meeting of the Bondholders may be called at any time and from time to time pursuant to the provisions of this Article 15 to take any action (i) authorized to be taken by or on behalf of the holders of any specified aggregate principal amount of the Bonds, (ii) under any provision of this Indenture or (iii) authorized or permitted by law.

Section 15.2. Call of Meetings. The Trustee may (but shall not be obligated to) call at any time a meeting of holders pursuant to Section 15.1 hereof to be held at any reasonable time and place the Trustee shall determine. Notice of such meeting, setting forth the time, place and generally the subject thereof, shall be mailed by first class mail, postage prepaid, not fewer than fifteen (15) nor more than ninety (90) days prior to the date of the meeting to the Bondholders at their addresses as they appear on the Bond Register on the fifteenth day preceding such mailing, which fifteenth day preceding the mailing shall be the record date for the meeting.

If at any time the Issuer, the College, the Bond Insurer or the holders of at least twenty-five percent (25%) in aggregate principal amount of the Bonds then outstanding shall

have requested the Trustee to call a meeting of the Bondholders, by written request setting forth the purpose of the meeting, and the Trustee shall not have mailed the notice of the meeting within twenty (20) days after receipt of the request, then the Issuer, the College, the Bond Insurer or the holders of Bonds in the amount above specified may determine the time and the place of the meeting and may call the meeting to take any action authorized in Section 15.1 hereof by mailing notice thereof as provided above.

Any meetings of holders of Bonds affected by a particular matter shall be valid without notice if the holders of all Bonds, or if applicable, the affected series of Bonds then Outstanding are present in person or by proxy, or if notice is waived before or after the meeting by the holders of all Bonds then Outstanding who were not so present at the meeting, and if the Issuer, the College, the Bond Insurer, and the Trustee are either present by duly authorized representatives or have waived notice, before or after the meeting.

Section 15.3. Voting at Meetings. To be entitled to vote at any meeting of Bondholders, a Person shall (a) be a holder of one or more outstanding Bonds as of the record date for the meeting as determined above or (b) be a Person appointed by an instrument or document in writing as proxy by a Person who is a holder as of the record date for the meeting of one or more outstanding Bonds. Each holder or proxy shall be entitled to one vote for each \$5,000 principal amount of Bonds held or represented by it.

The vote upon any resolution submitted to any meeting of Bondholders shall be by written ballots on which shall be subscribed the signatures of the holders of Bonds or of their representatives by proxy and the identifying number or numbers of the Bonds held or represented by them.

Section 15.4. Regulation of Meetings. Notwithstanding any other provision of the Indenture, the Trustee may make any reasonable regulations which it may deem to be advisable for meetings of Bondholders, with regard to:

- A. proof of the holding of Bonds and of the appointment of proxies,
- B. the appointment and duties of inspectors of votes,
- C. recordation of the proceedings of those meetings,
- D. the execution, submission and examination of proxies and other evidence of the right to vote, and
- E. any other matters concerning the conduct, adjournment or reconvening of meetings which it may think fit.

The Trustee shall appoint a temporary chair of the meeting by an instrument or document in writing, unless the meeting shall have been called by the Issuer, the College, the Bond Insurer or by the holders, as provided in Section 15.2 hereof, in which case the Issuer, the Bond Insurer, the College, or the holders calling the meeting, as the case may be, shall appoint a temporary chair in like manner. A permanent chair and a permanent secretary of the meeting shall be elected by vote of the holders of at least a majority in principal amount of the Bonds represented at the meeting and entitled to vote.

The only Persons who shall be entitled to be present or to speak at any meeting of Bondholders shall be the Persons entitled to vote at the meeting and their counsel, any representatives of the Trustee and its Counsel, any representatives of the Issuer and its counsel, any representatives of the College and its counsel, and any representatives of the Bond Insurer and its counsel.

Section 15.5. Meetings Not to Delay Rights Hereunder. Nothing contained in this Article 15 shall be deemed or construed to authorize or permit any hindrance or delay in the exercise of any right or rights conferred upon or reserved to the Trustee or to the holders under any of the provisions of the Indenture or of the Bonds by reason of any call of a meeting of holders or any right conferred expressly or impliedly hereunder to call a meeting.

ARTICLE 16 BOND INSURANCE

Section 15.6. Bond Insurer and Bond Insurance Policy. Notwithstanding any other provision of the Indenture, the following provisions shall govern as long as the Bond Insurance Policy is in effect and the Bond Insurer is not in default of any of its obligations thereunder:

A. The prior written consent of the Bond Insurer shall be a condition precedent to the delivery to the Trustee of a Credit Instrument pursuant to Section 6.7 hereof in replacement of and substitution for moneys or Investment Securities on deposit in or credited to the Debt Service Reserve Fund. Amounts on deposit in the Debt Service Reserve Fund shall be applied solely to the payment of debt service on the Bonds.

B. The Bond Insurer shall be deemed to be the sole holder of the Project Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the holders of the Project Bonds are entitled to take pursuant to Articles 10 and 11 hereof.

C. The maturity of the Project Bonds may not be accelerated without the prior written consent of the Bond Insurer. In the event the Bond Insurer consents to the acceleration of the Outstanding Project Bonds, the Bond Insurer may elect, in its sole discretion, to pay such accelerated principal and interest accrued on such accelerated principal to the date of acceleration (to the extent unpaid by the Issuer) and the Trustee shall accept such amounts. Upon payment of such accelerated principal and interest accrued to the acceleration date as provided above, the Bond Insurer's obligations under the Bond Insurance Policy with respect to such Project Bonds shall be fully discharged.

D. No grace period for a covenant default shall exceed 30 days, nor be extended for more than 60 days, without the prior written consent of the Bond Insurer. No grace period shall be permitted for payment defaults.

E. The Bond Insurer shall be a third party beneficiary of the Indenture.

F. Upon the occurrence of an extraordinary optional or special or extraordinary mandatory redemption of Project Bonds in part, the selection of the Project Bonds to be redeemed shall be subject to the approval of the Bond Insurer. The exercise of any

provision of the Indenture which permits the purchase of Project Bonds in lieu of redemption wherein such Project Bonds are not extinguished shall require the approval of the Bond Insurer.

G. No modification or amendment to the Indenture or the Loan Agreement shall become effective except upon obtaining the prior written consent of the Bond Insurer. Copies of any modification or amendment to the Indenture or the Loan Agreement shall be sent to each Rating Agency at least ten (10) days prior to the effective date thereof.

H. Unless the Bond Insurer otherwise directs, upon the occurrence and continuance of an Event of Default or the occurrence and continuance of an event which with notice or lapse of time or both would constitute an Event of Default, amounts on deposit in the Construction Fund shall not be disbursed but shall instead be applied to the payment of debt service or redemption price of the Project Bonds.

I. The rights granted to the Bond Insurer under the Indenture or the Loan Agreement to request, consent to or direct any action are rights granted to the Bond Insurer in consideration of its issuance of the Bond Insurance Policy. Any exercise by the Bond Insurer of such rights is merely an exercise of the Bond Insurer's contractual rights and shall not be construed or deemed to be taken for the benefit or on behalf of the Bondholders nor does such action evidence any position of the Bond Insurer, positive or negative, as to whether consent of the Bondholders is required in addition to consent of the Bond Insurer.

J. Only (1) cash, (2) non-callable direct obligations of the United States of America ("Treasuries"), (3) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, (4) Defeased Municipal Obligations, or (5) securities eligible for use in a "AAA" defeasance under then existing criteria of S&P, or any combination thereof, shall be authorized to be used to effect defeasance of the Bonds unless the Bond Insurer otherwise approves. To accomplish defeasance the Issuer shall cause to be delivered (i) a report of an independent firm of nationally recognized certified public accountants or such other accountant as shall be acceptable to the Bond Insurer ("Accountant") verifying the sufficiency of the escrow established to pay the Bonds in full on the maturity or redemption date ("Verification"), (ii) an Escrow Deposit Agreement (which shall be acceptable in form and substance to the Bond Insurer), (iii) an opinion of nationally recognized bond counsel to the effect that the Bonds are no longer "Outstanding" under the Indenture and (iv) a certificate of discharge of the Trustee with respect to the Bonds. Each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the Issuer, the Trustee and the Bond Insurer. The Bond Insurer shall be provided with final drafts of the above-referenced documentation not less than five business days prior to the funding of the escrow. Bonds shall be deemed "Outstanding" under the Indenture unless and until they are in fact paid and retired or the above criteria are met.

K. Amounts paid by the Bond Insurer under the Bond Insurance Policy shall not be deemed paid for purposes of the Indenture and shall remain Outstanding and continue to be due and owing until paid by the Issuer in accordance with the Indenture. The Indenture shall

not be discharged unless all amounts due or to become due to the Bond Insurer have been paid in full or duly provided for.

L. Each of the Issuer (at the sole cost of the College) and the Trustee covenant and agree to take such action (including, as applicable, filing of UCC financing statements and continuations thereof) as is necessary from time to time to perfect or otherwise preserve the priority of the pledge of the Trust Estate under applicable law.

M. The Bond Insurer shall, to the extent it makes any payment of principal of or interest on the Project Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Bond Insurance Policy. The obligations to the Bond Insurer shall survive discharge or termination of the Indenture and the Loan Agreement.

N. After payment of reasonable expenses of the Trustee, the application of funds realized upon default shall be applied to payment of expenses of the Issuer only after the payment of debt service due and past due on the Project Bonds, together with replenishment of the Debt Service Reserve Fund.

O. The Bond Insurer shall be entitled to pay principal or interest on the Project Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer (as such terms are defined in the Bond Insurance Policy) and any amounts due on the Project Bonds as a result of acceleration of the maturity thereof in accordance with the Indenture, whether or not the Bond Insurer has received a Notice of Nonpayment (as such terms are defined in the Bond Insurance Policy) or a claim upon the Bond Insurance Policy.

P. The notice address of the Bond Insurer is: _____ . In each case in which notice or other communication refers to an Event of Default, then a copy of such notice or other communication shall also be sent to the attention of the General Counsel of the Bond Insurer and shall be marked to indicate "URGENT MATERIAL ENCLOSED."

Q. The Trustee shall provide the Bond Insurer with the following information:

[1] Notice of any draw upon the Debt Service Reserve Fund within two Business Days after the Trustee obtains knowledge thereof, other than (i) withdrawals of amounts in excess of the Reserve Fund Requirement and (ii) withdrawals in connection with a refunding of Project Bonds;

[2] Notice of any default known to the Trustee within five Business Days after the Trustee obtains knowledge thereof;

[3] Prior notice of the advance refunding or redemption of any of the Project Bonds, including the principal amount, maturities, and CUSIP numbers thereof;

[4] Notice of the resignation or removal of the Trustee and the appointment of, and acceptance of duties by, any successor thereto;

[5] Notice of the commencement of any proceeding by or against the Issuer or the College commenced under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an “Insolvency Proceeding”);

[6] Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of or interest on the Project Bonds;

[7] A full original transcript of all proceedings relating to the execution of any amendment or supplement to the Indenture or the Loan Agreement; and

[8] All reports, notices and correspondence to be delivered to Bondholders under the terms of the Indenture and the Loan Agreement.

R. In determining whether any amendment, consent or other action to be taken, or any failure to act, under the Indenture would adversely affect the security for the Bonds or the rights of the Bondholders, the Trustee shall consider the effect of any such amendment, consent, action or inaction as if there were no Bond Insurance Policy.

S. No contract shall be entered into nor any action taken by which the rights of the Bond Insurer or security for or sources of payment of the Project Bonds may be impaired or prejudiced in any material respect, except upon obtaining the prior written consent of the Bond Insurer.

T. All references herein to the Bond Insurer and the Bond Insurance Policy shall be disregarded and of no further affect upon the payment and retirement of the Project Bonds in accordance with their terms and the satisfaction and discharge of all obligations of the Issuer and the College to the Bond Insurer hereunder and under the Bond Insurance Policy.

Section 15.7. Payments under Bond Insurance Policy. If, on the third Business Day prior to a scheduled Interest Payment Date or principal payment date on the Project Bonds (each a “Payment Date”), there is not on deposit with the Trustee, after making all transfers and deposits required under the Indenture, moneys sufficient to pay the principal of and interest on the Project Bonds due on such Payment Date, the Trustee shall give notice to the Bond Insurer and to its designated agent, if any (the “Bond Insurer’s Fiscal Agent”) by telephone or telecopy of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the Project Bonds due on such Payment Date, the Trustee shall make a claim under the Bond Insurance Policy and give notice to the Bond Insurer and the Bond Insurer’s Fiscal Agent, if any, by telephone of the amount of such deficiency and the allocation of such deficiency between the amount required to pay interest on the Project Bonds and the amount required to pay principal of the Project Bonds, confirmed in writing to the Bond Insurer and the Bond Insurer’s Fiscal Agent by 12:00 noon, New York City time, on such second Business Day by completing the form of Notice of Claim and Certificate delivered with the Insurance Policy.

In the event the claim to be made is for a mandatory sinking fund redemption installment on the Project Bonds, upon receipt of the moneys due the Trustee shall authenticate and deliver to affected Bondholders who surrender their Project Bonds a new Project Bond or Project Bonds in an aggregate principal amount equal to the unredeemed portion of the Project Bond surrendered. The Trustee shall designate any portion of a payment of principal of Project Bonds paid by the Bond Insurer, whether by virtue of maturity, mandatory sinking fund redemption, or other advancement of maturity, on its books as a reduction in the principal amount of Project Bonds registered to the then current Bondholder, whether DTC or its nominee or otherwise, and shall issue a replacement Project Bond to the Bond Insurer, registered in the name of Financial Security Assurance Inc., in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee's failure to so designate any payment or issue any replacement Project Bond shall have no effect on the amount of principal or interest payable by the Issuer on any Project Bond or the subrogation rights of the Bond Insurer.

The Trustee shall keep a complete and accurate record of all funds deposited by the Bond Insurer into the Policy Payments Account (defined below) and the allocation of such funds to payment of interest on and principal paid in respect of any Project Bond. The Bond Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

Upon payment of a claim under the Bond Insurance Policy the Trustee shall establish a separate special purpose trust account for the benefit of the holders of the Project Bonds referred to herein as the "Policy Payments Account" and over which the Trustee shall have exclusive control and sole right of withdrawal. The Trustee shall receive any amount paid under the Bond Insurance Policy in trust on behalf of the holders of the Project Bonds and shall deposit any such amount in the Policy Payments Account and distribute such amount only for the purpose of making the payments for which a claim was made. Such amounts shall be disbursed by the Trustee to the holders of the Project Bonds in the same manner as principal and interest payments are to be made pursuant to Section 2.6 hereof. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments. Notwithstanding anything to the contrary otherwise set forth in the Indenture, and to the extent permitted by law, in the event amounts paid under the Bond Insurance Policy are applied to claims for payment of principal of or interest on Project Bonds, interest on such principal of and interest on such Project Bonds shall accrue and be payable from the date of such payment at the greater of (i) the per annum rate of interest publicly announced from time to time by _____ - or its successor at its principal office in the City of New York as its prime or base lending rate plus 3%, and (ii) the then applicable rate of interest on the Project Bonds, provided that in no event shall such rate exceed the maximum rate permissible under applicable usury or similar laws limiting interest rates.

Funds held in the Policy Payments Account shall not be invested by the Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Trustee. Any funds remaining in the Policy Payments Account following a Payment Date shall promptly be remitted to the Bond Insurer.

ARTICLE 16.

MISCELLANEOUS PROVISIONS

Section 16.1. No Personal Recourse . No personal recourse shall be had for any claim based on the Indenture or the Bonds against any member, officer or employee, past, present or future, of the Issuer or of any successor body as such, either directly or through the Issuer or any such successor body, under any constitutional provision, statute or rule of law or by the enforcement of any assessment or penalty or otherwise.

The Bonds are payable solely from the Trust Estate and any other moneys held by the Trustee hereunder for such purpose. There shall be no other recourse under the Bonds, the Indenture, the Loan Agreement, or otherwise against the Issuer or any other property now or hereafter owned by it. The Issuer shall be conclusively deemed to have complied with all of its covenants and other obligations hereunder, upon requiring the College in the Loan Agreement to agree to perform such Issuer covenants and other obligations (excepting only any approvals or consents permitted or required to be given by the Issuer hereunder, and any exceptions to the performance by the College of the Issuer's covenants and other obligations hereunder, as provided herein or in the Loan Agreement). However, nothing contained in the Loan Agreement shall prevent the Issuer from time to time, in its discretion, from performing any such covenants or other obligations. The Issuer and its members, officers and employees shall have no liability for any failure to fulfill, or breach by the College of, the College's obligations under the Bonds, the Indenture, the Loan Agreement, the Tax Compliance Agreement or otherwise, including without limitation the College's obligation to fulfill the Issuer's covenants and other obligations under the Indenture.

Section 16.2. No Rights Conferred on Others. Nothing herein contained shall confer any right upon any person other than the parties hereto, the College, the Bond Insurer and the holders of the Bonds.

Section 16.3. Illegal, etc. Provisions Disregarded. If any term or provision of the Indenture or the Bonds or the application thereof for any reason or circumstances shall to any extent be held to be invalid or unenforceable, the remaining provisions or the application of such term or provision to persons and situations other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision hereof and thereof shall be valid and enforceable to the fullest extent permitted by law.

Section 16.4. Notices to Trustee, Issuer, and Bond Insurer. Any notice to or demand upon the Trustee shall be in writing and shall be served, presented or made at the Designated Office of the Trustee, presently _____, _____, Louisville, Kentucky 40_____, Attention: Corporate Trust Department. Any notice to or demand upon the Issuer shall be in writing and shall be deemed to have been sufficiently given or served by the Trustee for all purposes by being sent by United States mail, postage prepaid, to Louisville/Jefferson County Metro Government, _____, Louisville, Kentucky 40202, Attention: Chairman, or such other address as may be filed by the Issuer with the Trustee. Any notice to or demand upon the Bond Insurer shall be in writing and shall be deemed to have been sufficiently given or served by the Trustee for all purposes by being sent by United States Mail, postage prepaid, to the notice address and as otherwise provided in Section 16.1.P hereof.

Section 16.5. Governing Law. The laws of the Commonwealth shall govern the construction of the Indenture.

Section 16.6. Successors and Assigns. All the covenants, promises and agreements in the Indenture contained by or on behalf of the Issuer or by or on behalf of the Trustee shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

Section 16.7. Counterparts. The Indenture may be executed in any number of counterparts, each of which when so executed and delivered shall be an original; but such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the Louisville/Jefferson County Metro Government has caused this Trust Indenture to be executed by its Mayor and Metro Council Clerk, and the Trustee has caused this Trust Indenture to be executed by its duly authorized officer, all as of the day and year first above written.

**LOUISVILLE/JEFFERSON COUNTY METRO
GOVERNMENT**

By: _____
Title: Mayor

Attest:

By: _____
Clerk of the Metro Council

APPROVED AS TO FORM AND LEGALITY:

Irv Maze
Jefferson County Attorney

By: _____
James T. Carey, Assistant County Attorney

_____, as Trustee

By: _____
Vice President

EXHIBIT A

[FORM OF PROJECT BOND]

No. _____

\$ _____

UNITED STATES OF AMERICA
COMMONWEALTH OF KENTUCKY
LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT

College Refunding and Improvement Revenue Bond, Series 2006
(Bellarmine University Project)

Interest Rate
____%

Dated Date
June 8, 2006

Maturity Date
May 1, 20__

CUSIP

Registered Holder: Cede & Co.

Principal Amount: _____ DOLLARS

Louisville/Jefferson County Metro Government (the "Issuer"), a consolidated local government and agency and instrumentality of the Commonwealth of Kentucky (the "Commonwealth"), for value received, hereby promises to pay, but only out of the Trust Estate described in the Indenture hereinafter mentioned, to the Registered Holder hereof, or registered assigns, on the Maturity Date shown hereon, unless this bond shall be redeemable and shall have been previously called for redemption and payment of the redemption price shall have been duly made or provided for, upon surrender hereof, the Principal Amount hereof, and to pay to the person in whose name this bond is registered as of the close of business on the Record Date (hereinafter defined) but only out of said Trust Estate, interest thereon by check mailed to the holder at the address as it appears on the books maintained by the Trustee (hereinafter defined) for the registration and transfer of the Bonds from the Interest Payment Date (hereinafter defined) next preceding the authentication date hereof, unless the authentication date hereof shall be prior to the Dated Date shown above, then from such Dated Date, unless, however, the authentication date hereof shall be an Interest Payment Date, in which case, from the authentication date hereof, or unless the authentication date hereof shall be after a Record Date and before the next succeeding Interest Payment Date, in which event interest on this bond shall be paid from the next succeeding Interest Payment Date, such first payment to be made on November 1, 2006 and thereafter on each subsequent May 1 and November 1 (the "Interest Payment Dates"), at the annual interest rate shown hereon, until payment of such Principal Amount, upon redemption or at maturity. Interest hereon should be computed on the basis of a year consisting of twelve 30-day months. Record Date, for the purposes hereof, shall mean the fifteenth (15th) day of the calendar month next preceding any Interest Payment Date. "Business Day" means any day other than (i) a Saturday or Sunday or legal holiday or a day on which banking institutions in Kentucky, the State of New York or the city in which the Designated Office of the Trustee is located are authorized by law to close, or (ii) a day on which the New York Stock Exchange is closed. In the event of a default by the Issuer in payment of interest due on any Interest Payment Date, such defaulted interest shall be payable at such time as sufficient funds are available for the payment thereof, on a special payment date established by the Trustee, to the person in whose name this bond is registered at the close of business on a special record

date established by the Trustee (which shall be a Business Day) for the payment of such defaulted interest. Notice specifying each date so established shall be mailed by the Trustee to each holder of the Bonds (hereinafter defined), such notice to be mailed at least ten (10) days prior to the special record date and at least twenty (20) but not more than thirty (30) days prior to the special payment date.

If the date for payment of the principal or redemption price of, or interest on, this bond, or a date fixed for redemption is not a Business Day, then the date for such payment shall be the next Business Day and payment on such date shall have the same force and effect as if made on the nominal date of payment.

The principal of this bond is payable at the Designated Office (hereinafter defined) of _____, as trustee, or of any successor trustee appointed under the Indenture hereinafter mentioned (the "Trustee"). The principal or redemption price of, and interest on, the Bonds is payable in any coin or currency of the United States of America which, at the respective times of payment, is legal tender for the payment of public and private debts.

So long as The Depository Trust Company ("DTC") or its nominee, Cede & Co., is the registered holder hereof, all payments of principal and premium, if any, and interest on this bond, shall be payable in the manner and at the respective times of payment provided for in the DTC Operational Arrangements defined in, and incorporated into, the Indenture (hereinafter defined).

This bond is one of a duly authorized issue of \$25,000,000 aggregate principal amount of revenue bonds of the Issuer, designated as Louisville/Jefferson County Metro Government College Refunding and Improvement Revenue Bonds, Series 2006 (Bellarmine University Project) (the "Bonds"), authorized to be issued in denominations of \$5,000 or whole multiples thereof, all of like tenor, except as to interest rate, date of maturity and provisions for redemption, issued under a Trust Indenture dated as of June 1, 2006 (the "Indenture"), executed and delivered by the Issuer to the Trustee, and are equally and ratably secured thereunder, except as otherwise provided therein, by an assignment to the Trustee of the Issuer's rights (except for Unassigned Rights) in and to the Loan Agreement dated as of June 1, 2006 (the "Loan Agreement"), between the Issuer and Bellarmine University Incorporated (the "College"), a Kentucky nonprofit corporation.

The Designated Office of the Trustee means the corporate trust office of the Trustee in Louisville, Kentucky or such other corporate trust office of the Trustee as the Trustee shall designate by notice to the Issuer, the College and the Bond Insurer (hereinafter defined) as the Trustee's office for the registration, transfer and payment of Bonds.

Certain Bonds are subject to redemption prior to maturity as follows:

OPTIONAL REDEMPTION

The Bonds maturing on and after May 1, 2017 are subject to redemption prior to maturity at the direction of the College on or after May 1, 2016, as a whole or in part at any time in any order of maturity as selected by the College at the redemption price of par plus accrued interest to the redemption date.

MANDATORY SINKING FUND REDEMPTION

The Bonds maturing on May 1, 20__ are subject to mandatory sinking fund redemption in part, in direct order of maturity and within a maturity by lot, at a redemption price of 100% of the principal amount thereof plus accrued interest to the date fixed for redemption, on May 1 of the years and in the amounts set forth below:

<u>Year</u>	<u>Amount</u>	
20__	\$_____	
20__	_____	(maturity)

The Bonds maturing on May 1, 20__ are subject to mandatory sinking fund redemption in part, in direct order of maturity and within a maturity by lot, at a redemption price of 100% of the principal amount thereof plus accrued interest to the date fixed for redemption, on May 1 of the years and in the amounts set forth below:

<u>Year</u>	<u>Amount</u>	
20__	\$_____	
20__	_____	(maturity)

The principal amount of Bonds otherwise required to be redeemed may be reduced by the principal amount of such Bonds theretofore delivered to the Trustee in lieu of cash payments under the Loan Agreement or purchased by the Trustee out of money in the Sinking Fund established under the Indenture and which have not theretofore been applied as a credit against any sinking fund installment.

EXTRAORDINARY OPTIONAL REDEMPTION

The Bonds are subject to extraordinary optional redemption prior to maturity at the direction of the College, in whole or in part on any date, in any order of maturity designated by the College and within any maturity by lot, at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date, but only in the event that all or a portion of the College Premises as defined in the Indenture having a value in excess of \$1,000,000 is damaged, destroyed, condemned or sold under threat of condemnation, and it is determined by the College that repair or reconstruction is not desirable, practical or financially feasible, from and to the extent of insurance proceeds or condemnation awards or proceeds of any sale under threat of condemnation received by the College or the Trustee, as a result of such damage, destruction, condemnation or sale under threat of condemnation.

Any redemption of the Bonds shall be upon not less than 30 days and not more than 60 days prior notice by mailing a copy of the redemption notice by first class mail, postage prepaid, to the holders of Bonds at their addresses as shown on the Bond Register, and shall be in the manner and under the terms and conditions and with the effect provided in the Indenture.

The failure to mail any such notice or any defect therein or in the mailing thereof as it affects any Bond shall not affect the validity of the redemption of any other Bond. The mailing of such notice shall constitute constructive receipt of such notice.

So long as DTC or its nominee, Cede & Co., is the registered holder hereof, if all or fewer than all Bonds of a maturity are to be redeemed, the Trustee shall notify DTC within the time period described in the DTC Operational Arrangements. If fewer than all Bonds of a maturity are to be redeemed, DTC shall determine by lot the principal of each DTC participant's interest in the maturity of Bonds to be redeemed.

If the Issuer or the College makes available to the Trustee funds evidenced by money and non-callable Government Obligations as defined in the Indenture, which, when due, will be sufficient together with the income to be earned thereon to pay the principal or redemption price of, and interest on, any Bonds issued under the Indenture, at maturity or on a date irrevocably fixed for their redemption, then interest on such Bonds shall cease to accrue on such maturity or redemption date, and thereafter, from the date of such deposit, the holders of such Bonds shall be restricted to the funds so deposited as provided in the Indenture.

The Issuer, pursuant to recommendations promulgated by the Committee on Uniform Security Identification Procedures, has caused CUSIP numbers to be printed on the Bonds and has directed the Trustee to use CUSIP numbers in notices of redemption as a convenience to the holders of the Bonds. No representation is made as to the accuracy of such numbers, either as printed on the Bonds or as contained in any notice of redemption, and the Issuer shall have no liability of any sort with respect thereto.

In case an Event of Default, as defined in the Indenture, shall have occurred, the principal of all Bonds then outstanding under the Indenture may, under certain conditions set forth in the Indenture, become due and payable before their maturity dates.

The holder of this bond shall have no right to enforce provisions of this bond or the Indenture, except as provided in the Indenture.

No recourse shall be had for the payment of the principal or redemption price of, or the interest on, this bond or for any claim based hereon or on the Indenture or on any indenture supplemental thereto, against any member, officer or employee, past, present or future, of the Issuer, or of any successor body, either directly or through the Issuer or any such successor body, whether by virtue of any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability of such members, officers and employees being released as a condition of, and as consideration for, the execution of the Indenture and the issuance of this bond.

This bond is transferable by the registered holder hereof in person or by his attorney duly authorized in writing, at the Designated Office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this bond accompanied by a duly executed instrument of transfer in form and with guarantee of signature satisfactory to the Trustee. Upon such transfer a new Bond or Bonds of the same maturity and of authorized denomination or denominations, for the same aggregate principal amount and bearing the same rates of interest, will be issued to the transferee in exchange thereof or at the earliest practicable time; provided, however, that the

Trustee shall not be required to transfer any Bond during a period beginning at the opening of business fifteen (15) days before the date of mailing of notice of redemption of Bonds selected for redemption and ending at the close of business on the day of such mailing or for any Bond so selected for redemption in whole or in part. In like manner this bond may be exchanged by the registered holder or by his attorney for Bonds of the same maturity and of authorized denomination or denominations in the same aggregate principal amount and bearing the same rate of interest. Any such transfer or exchange as described herein will be made without charge, except for the payment by the registered holder of any taxes or other governmental charges relating to such transfer or exchange. The person in whose name this bond is registered on the Bond Register may be deemed the registered holder hereof by the Issuer, the Trustee and any additional paying agent, and any notice to the contrary shall not be binding upon the Issuer, the Trustee or any additional paying agent.

Reference is made to the Indenture, an executed counterpart of which is on file at the Designated Office of the Trustee, for a statement of the purposes for which the Bonds are issued, a description of the Trust Estate assigned and pledged for the payment and security of the Bonds, a description of the duties and rights of the Issuer and the Trustee, the provisions relating to amendments to and modifications of the Indenture, the extent of the rights of the holders of the Bonds, and the terms upon which Additional Bonds may be issued thereunder which will be secured on a parity with the Bonds. An executed counterpart of the Loan Agreement is also on file at the Designated Office of the Trustee. All descriptions of the provisions of such documents contained herein are amplified and qualified in all respects by the exact provisions of such documents, and the definitions contained therein shall apply to like terms contained in this bond.

Neither the credit nor the taxing power, if any, of the Issuer or of the Commonwealth or of any political subdivision thereof is pledged for the payment of the principal or redemption price of, or the interest on, this bond; nor shall this bond be deemed an obligation or indebtedness of the Issuer or of the Commonwealth or any political subdivision thereof within the meaning of the Constitution and laws of the Commonwealth; nor shall the Issuer or the Commonwealth or any political subdivision thereof be liable for the payment of such principal or redemption price or interest. The Issuer has no taxing power.

This Bond is exempt from taxation by the Commonwealth and all of its political subdivisions and taxing authorities.

Kentucky's name is on the Bonds for the benefit and convenience of other entities within the state. However, the only security which is pledged for the Bonds is the independent revenues and assets from the project. The Kentucky General Assembly does not intend to appropriate any state funds to fulfill the financial obligation represented by the Bonds.

This bond shall not be entitled to any benefit under the Indenture or be valid or become obligatory for any purpose unless the Trustee's Authentication Certificate printed hereon is duly executed.

IN WITNESS OF THE ABOVE, the Issuer has caused this Bond to be executed in the name of the Issuer by the manual or facsimile signature of the Mayor and its Metro Clerk, as of the date shown above.

**LOUISVILLE/JEFFERSON COUNTY METRO
GOVERNMENT**

By: _____
Title: Mayor

Attest:

By: _____
Clerk of the Metro Council

APPROVED AS TO FORM AND LEGALITY:

Irv Maze
Jefferson County Attorney

By: _____
James T. Carey, Assistant County Attorney

(SEAL)

TRUSTEE'S AUTHENTICATION CERTIFICATE

This bond is one of the bonds, of the series designated therein, described in the within mentioned Indenture. Attached hereto is a complete text of the opinion of Wyatt, Tarrant & Combs, LLP, Louisville, Kentucky, Bond Counsel, a signed original of which is on file with the undersigned Trustee, delivered and dated on the date of the original delivery of, and payment for, the bonds of said series.

Authentication Date: _____

_____, as
Trustee

By: _____
Authorized Signatory

STATEMENT OF INSURANCE

[FORM OF ASSIGNMENT AND TRANSFER]

The following abbreviations, when used in the inscription on the face of the within bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM -- as tenants in common

TEN ENT -- as tenants by the entireties

JT TEN -- as joint tenants with right of survivorship and not as tenants in common

UNIF TRANS MIN ACT -- _____ Custodian _____ under
(Cust) (Minor)

Uniform Transfers to Minors Act _____
(State)

Additional abbreviations may also be used though not in the list above.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers
unto

[Please type or print name, address (including

postal zip code) and Social Security or other

tax identification number of the transferee]

the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints
_____ attorney to transfer said bond on the books of the within described
transfer agent with full power of substitution in the premises.

Dated: _____

NOTE: The signature on this Assignment must correspond with the name as it appears on the face of the within bond in every particular, without alteration or enlargement or any change whatever.

Signature guaranteed:

(Type or Print Name)

(Signature)

NOTE: The signature of the assignor must be guaranteed by an eligible guarantor institution which is a member of or participant in a signature guarantee program, pursuant to Securities and Exchange Commission Rule 17Ad-15 or any successor provision.

EXHIBIT B

Louisville/Jefferson County Metro Government
College Refunding and Improvement Revenue Bonds, Series 2006
(Bellarmine University Project)

SCHEDULE OF TRANSFERS

From Revenue Fund to Other Funds
Under Indenture Article 6

The Trustee shall make transfers from the Revenue Fund to the other funds and accounts established under the Indenture in the amounts and in the priority specified below. If on any transfer date any of the funds or accounts do not require a transfer, the Trustee shall nevertheless make the required transfers into the other funds and accounts.

1. Bond Fund

A. The Trustee shall transfer from the Revenue Fund and deposit into the Principal Account of the Bond Fund, commencing the last Business Day of April 2007 and on the last Business Day of each April thereafter in which Project Bonds mature by their terms on the following May 1, an amount which together with any other available funds already on deposit in the Principal Account of the Bond Fund for the payment of principal will equal the principal becoming due on the Project Bonds on the next succeeding principal payment date.

B. The Trustee shall transfer from the Revenue Fund and deposit into the Interest Account of the Bond Fund, commencing the last Business Day of October 2006 and on the last Business Day of each April and October thereafter, an amount which together with other available funds already on deposit in the Interest Account of the Bond Fund for the payment of interest will equal the interest becoming due on the Project Bonds on the next succeeding Interest Payment Date.

2. Sinking Fund

Commencing on the last Business Day of April 20__, and on the last Business Day of each March thereafter for which there is not a stated maturity, the Trustee shall transfer from the Revenue Fund, and deposit in the Sinking Fund an amount which together with funds already on deposit in the Sinking Fund will be sufficient to retire Project Bonds on the ensuing May 1 in the following amounts in the following years through redemption at the principal amount thereof plus accrued interest, or through purchase as provided in the Indenture:

Project Bonds Maturing May 1, 20__

<u>Year</u>	<u>Amount</u>	
20__	\$ _____	
20__	_____	(maturity)

3. Debt Service Reserve Fund.

Commencing May 1, 2006, and on the first day of each May thereafter, the Trustee, after appropriate provision for payment of amounts then due under paragraphs 1 and 2 above has been made, shall transfer from the Revenue Fund to the Debt Service Reserve Fund the remainder of revenues necessary, if any, to accumulate or maintain a balance therein equal to the Reserve Fund Requirement.

LOAN AGREEMENT

Dated as of June 1, 2006

between

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT

as Issuer

and

BELLARMINE UNIVERSITY INCORPORATED

as Borrower

(and Assignment of Issuer's Interest
to _____, as Trustee)

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THIS LOAN AGREEMENT (the “Loan Agreement”), dated as of June 1, 2006, is by and between the LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT (the “Issuer”), an agency and instrumentality of the Commonwealth of Kentucky (the “Commonwealth”), and BELLARMINE UNIVERSITY INCORPORATED (the “College”), a nonprofit corporation organized and existing under laws of the Commonwealth.

Recitals

A. The Issuer is authorized by the Industrial Buildings for Cities and Counties Act, as amended, Kentucky Revised Statutes (“KRS”) 103.200 to 103.285 (the “Act”), to issue industrial building revenue bonds and to loan the proceeds thereof to any person to finance the cost of any “industrial building” (as defined in the Act), including specifically land, buildings, improvements, equipment, machinery, and other facilities suitable for any nonprofit educational institution in any manner related to or in furtherance of the educational purposes of such institution, including but not limited to classroom, laboratory, housing, administrative, physical educational and medical research and treatment facilities, in order to accomplish the public purposes of promoting the economic development of the Commonwealth, relieving conditions of unemployment, and encouraging the increase of industry therein.

B. The Act further authorizes the Issuer to issue its refunding bonds under the provisions of the Act to refund bonds issued and outstanding under the Act, together with any unpaid interest thereon, to create any necessary debt service reserve fund, and to pay the cost of any improvements or additions to the project financed from the proceeds of the bonds to be refunded, and of any premiums, expenses, and commissions required to be paid in connection therewith, which refunding bonds shall be payable from the revenues out of which the bonds to be refunded were payable.

C. The College is a Kentucky nonprofit corporation and institution of higher education and has applied to the Issuer for the issuance of industrial building revenue bonds of the Issuer in the aggregate principal amount of \$25,000,000 and the loan of the proceeds thereof to the College to (i) advance refund the outstanding County of Jefferson, Kentucky College Revenue Bonds (Bellarmine College Project), Series 1999 and currently refund the outstanding City of Audubon Park, Kentucky Cultural and Educational Development Revenue Bonds, Series 2001 (Bellarmine University Project) (collectively, the “Prior Bonds”) (the refunding of the Prior Bonds being hereinafter referred to as the “Refunding Project”); (ii) finance the construction, furnishing, and equipping of a new 120-bed student residence hall and surface parking and other related site improvements on the campus of the University at 2001 Newburg Road, Louisville, Kentucky, for use by the College in furtherance of its nonprofit educational purposes, (such renovations and improvements and acquisition of equipment being hereinafter collectively referred to as the “New Money Projects”, and the Refunding Project and the New Money Projects being hereinafter collectively referred to as the “Project”); and (iii) pay costs of issuance of the bonds.

D. The Issuer has determined to issue \$25,000,000 aggregate principal amount of its College Refunding and Improvement Revenue Bonds, Series 2006 (Bellarmine University Project) (the “Project Bonds”) pursuant to the Indenture hereinafter mentioned and

loan the proceeds thereof to the College pursuant to this Loan Agreement to finance the costs of the Project.

E. The Bonds are secured, in part, by an assignment to the Trustee of this Loan Agreement and the payments due thereunder (except Unassigned Rights) and by all the moneys and securities in the funds and accounts established under the Indenture to pay the Costs of the Project.

NOW, THEREFORE, the parties hereto, intending to be legally bound hereby and in consideration of the mutual covenants hereinafter contained, do hereby agree as follows:

ARTICLE 1. DEFINITIONS AND REPRESENTATIONS

Section 1.1. Definitions. Defined terms not otherwise defined herein shall have the meanings set forth in the Indenture. In this Loan Agreement and any agreement supplemental hereto (except as otherwise expressly provided or unless the context otherwise requires) terms used as defined terms in the recitals hereto shall have the same meanings throughout this Loan Agreement, and in addition the following terms shall have the meanings specified below:

“Annual Budget” shall mean the annual budget of the College for each Fiscal Year provided to the Trustee and the Bond Insurer pursuant to Section 8.2 hereof, as the same may be revised from time to time as provided in Section 8.2 hereof.

“Annual Debt Service” shall mean, with respect to each Fiscal Year, the sum of principal, premium, and interest required to be paid on long-term debt (including capitalized leases), including the principal, premium, and interest required to be paid under the Loan Agreement with respect to Bonds, during such Fiscal Year.

“Appraiser” shall mean an appraiser who is a member of the Appraisal Institute.

“Assignment” shall mean the Assignment of even date herewith by the Issuer of all its right, title, and interest in and to this Loan Agreement, except for Unassigned Rights, to the Trustee.

“Certified Public Accountant” shall mean a Person appointed by the College Board, actively engaged in the business of public accounting and duly certified as a certified public accountant under the laws of the Commonwealth.

“Environmental Law” shall have the meaning set forth in Section 8.11 hereof.

“Fiscal Year” shall mean the fiscal year of the College, which shall be the period commencing on the first day of July of each year and ending on the last day of June of the following year, unless the Issuer and the Trustee are notified by the College of a change in such fiscal year.

“Generally Accepted Accounting Principles” shall mean those accounting principles applicable in the preparation of financial statements of nonprofit institutions of higher education, as promulgated by the Financial Accounting Standards Board or such other body recognized as authoritative by the American Institute of Certified Public Accountants or any successor body.

“Gross Revenues” shall mean, for any period, in the case of the College, (a) unrestricted and temporarily restricted operating revenues, plus (b) revenues from unrestricted and temporarily restricted non-operating activities, as determined in accordance with Generally Accepted Accounting Principles; provided, however, that no determination thereof shall take into account (c) any gain or loss resulting from the early extinguishment of indebtedness, (d) the equity in the earnings or losses from any investments in affiliates, (e) any gains or losses resulting from the sale, exchange, or other disposition of investments not in the ordinary course of business, (f) any gains or losses resulting from the sale, exchange, or other disposition of property, plant, and equipment, (g) gifts, grants, bequests, or donations permanently restricted, and (h) insurance (other than business interruption insurance) and condemnation proceeds.

“Indenture” shall mean the Trust Indenture of even date herewith between the Issuer and the Trustee as originally executed, or if amended or supplemented as therein provided, as so amended or supplemented.

“Insurance Consultant” shall mean a Person who shall be appointed by the College, qualified to survey risks and to recommend insurance coverage for facilities and services and organizations engaged in like operations and having a favorable reputation for skill and experience in such surveys and such recommendations, and who may be a broker or agent with whom the College transacts business.

“Loan” shall have the meaning set forth in Section 2.1 hereof.

“Maximum Annual Debt Service” shall mean the greatest amount of Annual Debt Service payable in the current or any subsequent Fiscal Year.

“Mortgage” shall mean any mortgage of, security interest in, lien, charge or encumbrance on or pledge of property.

“Net Revenues Available for Debt Service” shall mean, with respect to the College for any Fiscal Year, the change in unrestricted and temporarily restricted net assets, less net realized and unrealized gain or loss on investments and funds held in trust by others, plus depreciation, interest expense and amortization, plus the budgeted transfer (as shown in the Annual Budget) from the unrestricted net assets of the College to the operating funds of the College.

“Permitted Encumbrances” shall mean, with respect to the College Premises and the Gross Revenues, as of any particular time:

- (i) liens arising by reason of good faith deposits with the College in connection with tenders, leases of real estate, bids or contracts (other than contracts for the payment of money), deposits by the College to secure public or statutory obligations,

or to secure, or in lieu of, surety, stay or appeal bonds, and deposits as security for the payment of taxes or assessments or other similar charges;

(ii) any lien arising by reason of deposits to enable the College to maintain self-insurance or to participate in any funds established to cover any insurance risks or in connection with worker's compensation, unemployment insurance, old age pensions or other social security, or to share in the privileges or benefits required for companies participating in such arrangements.

(iii) any judgment lien against the College so long as such judgment is being contested in good faith and execution thereon is stayed, and so long as such lien or contest shall not materially impair the ability of the College to meet its obligations under the Loan Agreement.

(iv) (A) rights reserved to or vested in any municipality or public authority by the terms of any right, power, franchise, grant, license, permit or provision of law, affecting any property, to (1) terminate such right, power, franchise, grant, license or permit, provided that the exercise of such right would not materially impair the use of such property or materially and adversely affect the value thereof, or (2) purchase, condemn, appropriate or recapture, or designate a purchaser of, such property, provided that the exercise of such right would not materially impair the use of such property or materially and adversely affect such property; (B) any liens on any property for taxes, assessments, levies, fees, water and sewer rents, and other governmental and similar charges and any liens of mechanics, materialmen and laborers for work or services performed or materials furnished in connection with such property, which are not due and payable or which are not delinquent or which, or the amount or validity of which, are being contested in good faith and execution thereon is stayed or, with respect to liens of mechanics, materialmen and laborers, have been due for less than 31 days; (C) easements, rights-of-way, servitudes, restrictions and other minor defects, encumbrances, and irregularities in the title of any property which do not materially impair the use of such property and which do not materially and adversely affect the value thereof; (D) rights reserved to or vested in any municipality or public authority to control or regulate any property or to use such property in any manner, which rights do not materially impair the use of such property or materially and adversely affect the value thereof, and (E) to the extent that it affects title to any property, the Indenture and the Loan Agreement;

(v) any mortgage existing on the date of this Loan Agreement, as set forth in Exhibit A hereto, including any replacements, extensions, modifications and renewals thereof, provided that no mortgage so described may be modified to apply to any property of the College not subject to such mortgage on the date hereof, and provided further that no additional indebtedness may be incurred by the College which is secured by such mortgage;

(vi) any other mortgage with respect to property acquired after the date hereof, which Mortgage secures the purchase price of that property or is a mortgage to which the property is subject at the time of its acquisition, including any replacements, extensions, modifications and renewals thereof;

(vii) security interests in the accounts (as defined in Article 9 of the UCC) of the College securing indebtedness or other obligations of the College, provided that at the time of the creation of any such security interest the aggregate principal amount of all such indebtedness or other obligations so secured by the security interests permitted by this clause (vii) shall not exceed 10% of the revenues of the College for the most recent Fiscal Year for which audited financial statements are available;

(viii) any mortgage or restriction on use, expressed or implied, on property of the College received as a gift, pursuant to the terms of such gift;

(ix) liens on moneys deposited by students or others with the College as security for or as prepayment for the cost of services to be provided by the College.

(x) any lien arising by reason of deposits with, or the giving of any form of security to, any governmental agency or any body created or approved by law or governmental regulation for any purpose at any time as required by law or governmental regulation as a condition to the transaction of any business or the exercise of any privilege or license;

(xi) leases which relate to property of the College which is of a type that is customarily the subject of such leases, such as office space for educational institutions, food service facilities, residential facilities and parking facilities, leases, licenses or similar rights to use property to which the College is a party existing on the date of this Loan Agreement and any renewals and extensions thereof; and any leases, licenses or similar rights to use property hereunder under which the College is lessee, licensee or the equivalent thereof upon fair and reasonable terms no less favorable to the lessee or licensee than would obtain in a comparable arm's-length transaction, provided, however, that such leases are neither "triple net" nor used as an agreement to secure a debt obligation;

(xii) utility, access and other easements and rights-of-way, restrictions, encumbrances and exceptions which do not materially interfere with or materially impair the operation of the property affected thereby (or, if such property is not being then operated, the operation for which it was designed or last modified);

(xiii) such liens, defects, irregularities of title and encroachments on adjoining property as normally exist with respect to property similar in character to the property involved and which do not materially and adversely affect the value of, or materially impair, the property affected thereby for the purpose for which it was acquired or is held by the owner thereof, including without limitation statutory liens granted to banks or other financial institutions, which liens have not been specifically granted to secure indebtedness and which do not apply to property which has been deposited as part of a plan to secure indebtedness;

(xiv) zoning laws and similar restrictions which are not violated by the property affected thereby;

(xv) all right, title and interest of the state where the property involved is located, municipalities and the public in and to tunnels, bridges and passageways over, under or upon a public way;

(xvi) any security interest in any rebate account, depreciation reserve, debt service or interest reserve, debt service fund or any similar fund established pursuant to the terms of the Indenture;

(xvii) liens on accounts arising as a result of sale of such accounts without recourse or with recourse but only to the accounts sold, provided that the principal amount of indebtedness secured by any such lien does not exceed the aggregate sales price of such accounts received by the College;

(xviii) any purchase money security interest in movable personal property; and

(xix) mortgages securing indebtedness if, after giving effect thereto, the aggregate of the indebtedness secured by such mortgage and all other outstanding indebtedness secured by mortgages granted pursuant to this paragraph (xix) does not exceed 15% of the book value or, at the option of the College, the market value, of the unencumbered net plant, property and equipment of the College (each Officers' Certificate and computation required by this clause shall be as of any date within 120 days prior to the date on which any such mortgage is created or assumed by the College).

"Prior Bonds" shall mean the County of Jefferson, Kentucky College Revenue Bonds (Bellarmine College Project), Series 1999 and the City of Audubon Park, Kentucky Cultural and Educational Development Revenue Bonds, Series 2001 (Bellarmine University Project) (collectively, the "Prior Bonds").

"Project Facilities" shall mean the property of the College to be acquired, constructed, or installed as part of the New Money Projects.

"Unassigned Rights" shall mean the right of the Issuer to be paid Administrative Expenses; the right of the Issuer to receive indemnification from the College pursuant to this Loan Agreement; the right of the Issuer to receive notices under the Loan Agreement, the Indenture, or any related document; and the obligations under the Loan Agreement to be performed only by the Issuer, which rights are not assigned to the Trustee pursuant to the Indenture.

Section 1.2. Representations and Warranties by College. The College makes the following representations and warranties as the basis for its covenants herein:

A. The College is a nonprofit corporation duly incorporated under the laws of the Commonwealth, is in good standing and duly authorized to conduct its business in the Commonwealth, and is a "nonprofit educational institution" within the meaning of the Act. The College is organized and operated exclusively for educational and charitable purposes and not for pecuniary profit, and no part of the net earnings of the College inures to the benefit of any person, private stockholder, or individual.

B. The College is, to the extent necessary to permit the Project to be financed or refinanced with the proceeds of the Bonds pursuant to the provisions of the Act, duly authorized and licensed to operate its facilities under the laws, rulings, regulations, and ordinances of the Commonwealth and the departments, agencies, and political subdivisions thereof and under all other applicable provisions of law. The College has obtained all approvals of the state and other federal, regional, and local governmental bodies which are necessary for the operation of the Project Facilities or which are otherwise necessary to permit the Project to be financed or refinanced with the proceeds of the Bonds pursuant to the provisions of the Act. The College's property is in compliance in all material respects with applicable federal, state, and local zoning, subdivision, environmental, land use and other laws, rules, regulations, codes, and ordinances which are material to the ownership of the College Premises and to the operation thereof.

C. The College has full corporate power under the laws of the Commonwealth and all other applicable provisions of the law and its articles of incorporation and bylaws to execute and deliver and to perform its obligations under this Loan Agreement and all corporate action on its part necessary for the valid execution and delivery of this Loan Agreement has been duly and effectively taken; and this Loan Agreement will be the legal, valid and binding obligation of the College, subject to the qualification that the enforcement of such obligation may be limited by laws relating to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar laws affecting creditors' rights and by the availability of equitable remedies or the application of principles of equitable subordination. The execution and delivery by the College of this Loan Agreement and the other agreements contemplated hereby and by any official statement related to the Bonds and the approval by the College of the Indenture and compliance with the provisions thereof will not conflict in any material respect with or result in a material breach of any of the terms, conditions or provisions of, or constitute a material default under, the articles of incorporation or bylaws of the College or any existing law, court or administrative regulation, decree, order, agreement, indenture, mortgage, lease or instrument by which the College or its property is or may be bound.

D. There does not exist any corporate restriction or any agreement or instrument to which the College is now a party or by which it or any of its property is bound, which would prevent the execution and delivery of this Loan Agreement or the performance thereof or result in the creation or imposition of any lien, charge, or encumbrance of any nature upon the College Premises, except for Permitted Encumbrances, or permit any person to seek injunctive relief as to the execution, delivery, consummation or fulfillment of the terms of any of the foregoing.

E. Except as specifically described in the official statement related to the Bonds, no litigation, proceedings or investigations are pending or, to the knowledge of the College, threatened against the College seeking to restrain, enjoin or in any way limit the approval or issuance and delivery of any official statement related to the Bonds and this Loan Agreement by the College, or which would in any manner challenge or adversely affect the corporate existence or powers of the College to enter into and carry out the transactions described in or contemplated by or the execution, delivery, validity or performance by the College of the terms and provisions of this Loan Agreement.

F. Any official statement and the certification delivered by the College to the Issuer and the Trustee pursuant to any bond purchase agreement for the Bonds, or otherwise, as a condition to the issuance of the Bonds, and the representations and warranties contained in this Loan Agreement do not contain any untrue statement of a fact material to a purchaser of a Bond. The statements, facts and information presented in any official statement for the Bonds do not omit any fact which materially adversely affects or, so far as the College can now foresee, will materially adversely affect the status of the College as a tax-exempt organization under Section 501(c)(3) of the Code, its ability to own and operate its properties or its ability to make the payments under this Loan Agreement when and as the same become due and payable.

G. None of the proceeds of the Bonds will be used, directly or indirectly, to pay, to reimburse the College for the payment of, or to refund indebtedness the proceeds of which were used to pay, for the acquisition, construction, renovation, remodeling or equipping or any of the expenses of any institution, place or building, or any portion thereof, used or to be used for sectarian instruction or study or as a place for devotional activities or religious worship or in connection with any part of the program of a school or department of divinity for any religious denomination or the training of ministers, priests, rabbis or similar persons in the field of religion.

H. The Project Facilities constitute an “industrial building” within the meaning of the Act. The College currently intends to operate the Project Facilities as an “industrial building” within the meaning of the Act from the date hereof to the expiration or earlier termination of this Loan Agreement as provided herein.

All representations of the College contained herein or in any certificate or other instrument delivered by the College pursuant hereto, pursuant to the Indenture, or in connection with the transactions contemplated thereby, shall survive the execution and delivery thereof and the issuance, sale and delivery of the Bonds as representations of facts existing as of the date of execution and delivery of the instrument containing such representation.

Section 1.3. Accounting Terms and Determinations. Unless otherwise specified, all accounting terms herein or in the Indenture have the meanings assigned to them, and all computations required hereunder or under the Indenture shall be made, in accordance with Generally Accepted Accounting Principles.

ARTICLE 2.

AGREEMENT TO LEND; USE OF PROJECT BOND PROCEEDS; REFUNDING PROJECT

Section 2.1. Agreement to Lend; Use of Project Bond Proceeds. The Issuer agrees to make, solely from the proceeds of the Project Bonds, and the College agrees to accept, a loan of \$25,000,000 (the “Loan”) to pay Costs of the Project. The College’s obligation to repay the Loan shall be as specified in Section 5.1 hereof, together with interest due on the Loan at the interest rates for the Bonds as set forth in the Indenture and all other amounts due hereunder. The College acknowledges receipt of the proceeds of the Loan and directs the proceeds to be deposited and disbursed in the manner provided in the Indenture and in

accordance with the provisions hereof and thereof and the making of all payments required hereunder as and when the same shall become due.

At the request of the College, and for the purposes and upon fulfillment of the conditions specified in the Indenture, the Issuer may provide for the issuance, sale and delivery of Additional Bonds and loan the proceeds from the sale thereof to the College.

Section 2.2. Refunding Project. The College represents and covenants that it has taken and will take all actions required on its part for the refunding and redemption of the Prior Bonds in accordance with and at the earliest times permitted under the terms thereof.

Section 2.3. Reliance by Bondholders. This Loan Agreement is executed in part to induce the purchase by others of Bonds and, accordingly, all covenants and agreements on the part of the College and the Issuer, as set forth in this Loan Agreement, are hereby declared to be for the benefit of the holders from time to time of the Bonds.

ARTICLE 3. NEW MONEY PROJECTS

Section 3.1. Construction Contracts. The College shall undertake to acquire and construct the improvements and to acquire and install the equipment comprising the Project Facilities.

Section 3.2. Compliance with Laws. The College will comply with all present and future laws, acts, rules, regulations, orders and requirements lawfully made by any Regulatory Body relating to the acquisition, construction and installation of the Project Facilities.

Section 3.3. Completion. The completion date of the New Money Projects shall be evidenced by delivery to the Trustee of an Officers' Certificate of the College stating that, except for any Costs of the New Money Projects not then due and payable, or the liability for which the College is disputing or contesting, (i) the New Money Projects have been substantially completed and, where applicable, such completion is, to the best knowledge of such officer, in accordance with the plans and specifications therefor; and (ii) the Project Facilities are satisfactory to the College and are suitable for use in furtherance of the nonprofit educational purposes of the College. Notwithstanding the foregoing, any such Officers' Certificate may state that it is given without prejudice to any rights against third parties which exist at the date of such certificate or which may subsequently come into being.

ARTICLE 4. OBLIGATION OF COLLEGE

Section 4.1. Obligation of College; Pledge of Gross Revenues. This Loan Agreement is a general obligation of the College. To secure the payment and performance of its obligations hereunder, the College hereby pledges and grants to the Trustee, as assignee of the Issuer hereunder, a first priority lien on and security interest in the Gross Revenues of the College.

Section 4.2. Assignment to Trustee. The Issuer, immediately following execution and delivery hereof, shall assign this Loan Agreement and all amounts payable hereunder, except Unassigned Rights, to the Trustee, in trust, to be held and applied pursuant to provisions of the Indenture. The College (a) consents to such assignment and accepts notice thereof with the same legal effect as though such notice was embodied in a separate instrument, separately executed after execution of such assignment; (b) agrees to pay directly to the Trustee all amounts payable hereunder, except payments as a result of Unassigned Rights, without any defense, setoff or counterclaim arising out of any default on the part of the Issuer under this Loan Agreement or any transaction between the College and the Issuer; (c) agrees that the Trustee may exercise all rights granted the Issuer hereunder which can be performed by the Trustee; and (d) agrees to be bound by the obligations of the College set forth in the Indenture.

ARTICLE 5. PAYMENTS

Section 5.1. Payment of Debt Service; Replenishment of Debt Service Reserve Fund. The College hereby agrees to make loan payments directly to the Trustee so as to provide for the repayment of the Loan at such times and in such amounts so as to provide for payment of the principal or Redemption Price of and interest on the Bonds Outstanding under the Indenture when due whether upon a scheduled Interest Payment Date, at maturity or by redemption of the Bonds. Specifically, the College shall pay to the Trustee, no later than five Business Days before the last day of each January, April, July, and September, for deposit into the Revenue Fund, the sum of (i) the proportionate amount of the interest payable on the Outstanding Bonds on the next Interest Payment Date and (ii) the proportionate amount of the principal coming due on the Outstanding Bonds (at stated maturity or through sinking fund redemption) on the next succeeding date for the payment of principal on the Outstanding Bonds, subject in each case to a credit for any amount already on deposit in the Revenue Fund, the Bond Fund, or the Sinking Fund and available to make the respective payment of principal, premium, or interest on the Outstanding Bonds. In addition, the College shall pay to the Trustee any deficiency in the Debt Service Reserve Fund in the manner and at the times described in Section 6.7 of the Indenture.

In addition to any credits resulting from payment or prepayment and notwithstanding any provision contained in this Loan Agreement or in the Indenture to the contrary, the principal amount of Bonds delivered to the Trustee with instructions to cancel such Bonds, or purchased by the Trustee and canceled, shall be credited (at 100% of the principal amount of the Bonds so delivered) against the obligation of the College to pay the corresponding principal (including sinking fund installment payments corresponding to mandatory amounts to be deposited into the appropriate sinking fund for such Bonds) in the order provided in the Indenture.

Section 5.2. Optional Prepayment. The College shall be permitted to optionally prepay the Loan hereunder so as to pay, prepay or provide for payment or prepayment of the Bonds, to the extent and in the manner permitted by the Indenture. The Issuer, at the direction of the College, shall pay, redeem or provide for payment or redemption of the Bonds in accordance with the Indenture. Any prepayment shall provide for a corresponding discharge of principal of the Bonds.

Section 5.3. Notice of Prepayment. The College shall give or cause to be given to the Issuer and the Trustee not less than 45 days (or such lesser number of days as is agreed to by the Trustee) written notice of any optional prepayment of the Loan, which notice shall designate the date of prepayment and the amount thereof and direct the redemption of Bonds or the portion thereof and in the amounts corresponding to the amount to be prepaid. Such notice may be withdrawn by the College at any time prior to the redemption date.

Section 5.4. Additional Payments. The College agrees to pay the following items to the following persons as additional payments due under this Loan Agreement:

A. To the Trustee or any other paying agent, for the benefit of the Trustee or such paying agent, when due, all reasonable fees of the Trustee and any other paying agent for services rendered under the Indenture and all advances, reasonable attorneys' fees and other expenses reasonably and necessarily made or incurred by any of them in connection with their services under the Indenture;

B. To the Issuer upon the delivery of the Bonds, \$10,000 as its issuance fee. In addition, the College shall pay to the Issuer, when due, the Issuer's Administrative Expenses, if any, incurred from time to time in connection with the Bonds, as provided in the Indenture. In addition, the College shall pay, when due, the Trustee's fees as provided in Section 11.4 of the Indenture; and

C. To the Trustee, the amount of all advances made by it under the provisions of the Indenture, with interest thereon at the Trustee's announced prime rate per annum then in effect from the date of each such advance.

In addition, the College shall pay or reimburse the Bond Insurer any and all charges, fees, costs, and expenses which the Bond Insurer may reasonably pay or incur in connection with (i) the administration, enforcement, defense, or preservation of any rights or security interest in the Loan Agreement or the Gross Revenues; (ii) the pursuit of any remedies under the Indenture or the Loan Agreement or otherwise afforded by law or equity; (iii) any amendment, waiver, or other action with respect to, or related to, the Indenture or the Loan Agreement whether or not executed or completed, (iv) the violation by the Issuer or the College of any law, rule, or regulation, or any judgment, order, or decree applicable to it, and (v) any litigation or other dispute in connection with the Indenture or the Loan Agreement or the transactions contemplated thereby, other than amounts resulting from the failure of the Bond Insurer to honor its obligations under the Bond Insurance Policy. The College acknowledges that the Bond Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver, or consent proposed in respect of the Indenture or the Loan Agreement.

The provisions of this Section shall remain in full force and effect notwithstanding the full payment of all obligations hereunder or the termination hereof for any reason.

Section 5.5. No Abatement or Setoff. The College shall pay, or cause to be paid, all sums required hereunder without suspension or abatement of any nature, notwithstanding that all or any part of the College Premises shall have been wholly or partially

destroyed, damaged or condemned and shall not have been repaired, replaced or rebuilt. So long as any of the Bonds remain Outstanding, the obligation of the College to make payments hereunder shall be absolute and unconditional and shall not be suspended, abated, reduced, abrogated, waived, diminished or otherwise modified in any manner or to any extent whatsoever, regardless of any rights of setoff, recoupment or counterclaim that the College might otherwise have against the Issuer or the Trustee or any other party or parties and regardless of any contingency, natural catastrophe, event or cause whatsoever and notwithstanding any circumstances or occurrence that may arise or take place after the date hereof, including but without limiting the generality of the foregoing:

- A. any damage to or destruction of any part or all of the College Premises;
- B. the taking or damaging of any part or all of the College Premises, by any public authority or agency in the exercise of the power of or in the nature of eminent domain or by way of a conveyance in lieu of such exercise or otherwise;
- C. any assignment, novation, merger, consolidation, transfer of assets, leasing or other similar transaction of or affecting the College, whether with or without the approval of the Issuer or the Trustee;
- D. the termination of this Loan Agreement pursuant to the provisions hereof;
- E. any failure of the Issuer or the Trustee to perform or observe any agreement or covenant, whether express or implied, or any duty, liability or obligation arising out of or connected with this Loan Agreement, the Indenture or the Bonds;
- F. any acts or circumstances that may constitute an eviction or constructive eviction;
- G. failure of consideration, failure of title or commercial frustration;
- H. any change in the tax laws or other laws of the United States or of any state or other governmental authority;
- I. any determination that the interest payable on the Bonds is included in the gross income of the holders for federal income tax purposes; and
- J. delinquency of any occupant of the College Premises or other Person in the payment of any fees, rentals or other charges owed to the College, whether or not any occupant receives either partial or total reimbursement as a credit against such payment.

Except to the extent provided in and subject to this Section 5.5, nothing contained herein shall be construed to prevent or restrict the College from asserting any rights which it may have under this Loan Agreement or any provision of law against the Issuer or the Trustee or any other person.

Section 5.6. Termination. The College's obligations under the Loan Agreement shall terminate after payment in full of the Loan and all other amounts due under this

Loan Agreement; provided, however, that the covenants and obligations provided in Sections 1.2, 5.4, 10.2 and 10.4 hereof shall survive the termination of the Loan Agreement and the payment in full of the amounts due hereunder. Upon termination of this Loan Agreement the Trustee as assignee of the Issuer hereunder, shall pay over to the College any moneys then remaining in any Funds and Accounts created under the Indenture, which are not required under the Indenture. Notwithstanding any provision of this Section to the contrary, the Loan Agreement shall remain in effect until the payment and retirement of all Outstanding Bonds in accordance with their terms and the terms of the Indenture or the defeasance and discharge of the Indenture in accordance with Article 14 thereof.

Section 5.7. Initial Deposit to Debt Service Reserve Fund. Upon the execution of this Loan Agreement, the College shall transfer to the Trustee for deposit into the Debt Service Reserve Fund cash, and/or Investment Securities with a fair market value, in a total amount not less than the Reserve Fund Requirement.

ARTICLE 6.

INSURANCE, CASUALTY AND CONDEMNATION

Section 6.1. Insurance to be Maintained. The College covenants to provide and maintain, continuously unless otherwise herein provided, insurance against risks as are customarily insured against by similarly situated nonprofit educational institutions in the Commonwealth, paying when due all premiums in respect to such insurance, including without limitation, to the extent available:

- A. public liability insurance against liability for bodily injury, including death, and for damage to the College's property, including loss of its use; and
- B. workers' compensation insurance with respect to the College's employees.

Any requirement for insurance herein provided (with the exception of any insurance on the College's physical plant) may, with the consent of the Bond Insurer, be met by a self-insurance plan approved and reviewed annually by the Insurance Consultant and approved by any Regulatory Body having jurisdiction thereof.

All policies of insurance shall be issued by responsible insurance companies with Best's Ratings of "A" or better, qualified to do business in the Commonwealth and qualified under the laws of the Commonwealth to assume risks covered by such policy or policies and shall be non-assessable.

In the event that any insurance required by this Section 6.1 is commercially unavailable, based on the advice of the Insurance Consultant, the College may arrange such substitute coverage as is recommended by the Insurance Consultant; provided, however, that no Event of Default shall occur if substitute coverage is unavailable and the College makes a continuing good faith effort to obtain such insurance or such substitute coverage, including self-insurance, as is recommended by the Insurance Consultant. If the insurance becomes commercially available after substitute insurance has been obtained, the College shall obtain, or cause to be obtained, such insurance upon expiration of such substitute insurance or as otherwise recommended by the Insurance Consultant.

Anything to the contrary herein notwithstanding, the College shall hold the Issuer harmless and without liability for any claim whatsoever arising as the result, directly or indirectly, of insufficient insurance under this Section 6.1.

Section 6.2. Notice of Property Loss. Immediately after the occurrence of loss or damage covered by insurance required under Section 6.1, or after notice of condemnation has been received, or the occurrence of injury or damage, the College shall promptly notify the Issuer and the Trustee.

Section 6.3. Proceeds of Property Damage Insurance; Condemnation.

A. If the College Premises shall be wholly or partially destroyed or damaged by fire or other casualty covered by insurance or shall be wholly or partially condemned or taken, the College may at its option retain an Appraiser who shall promptly determine and deliver to the College a certificate setting forth the fair market value of the College Premises, taking into account the taking or destruction, as applicable, and if the appraisal indicates that the value of the College Premises is at least equal to 150% of then outstanding long-term debt of the College, the College may apply the proceeds of condemnation or damage to any lawful purpose of the College including restoration of the College Premises. If, however, the value of the College Premises as set forth in the report is less than 150% of then outstanding long-term debt of the College or the College does not engage an Appraiser, the College shall within 120 days of the event determine whether repair, reconstruction or replacement of the affected portion of the College Premises is practicable and desirable and shall, promptly thereafter, notify the Trustee whether or not the College will undertake such repair, reconstruction or replacement. If the College determines that repair, reconstruction or replacement is practicable and desirable, the College shall promptly commence such repair, reconstruction, and replacement and shall apply all condemnation awards and insurance proceeds to such project. If the College determines not to undertake such repair, replacement and reconstruction, it shall deposit all proceeds and awards with the Trustee to be used to fund a redemption pursuant to subsection B. below.

B. The Bonds shall be subject to redemption prior to maturity at the option of the College, in whole or in part at any time, in any order of maturity selected by the College with the consent of the Bond Insurer and within any maturity by lot, upon payment of a redemption price equal to one hundred percent (100%) of their principal amount, plus accrued interest to the date of redemption, but only in the event of a deposit pursuant to Section 6.3.A above or in the event that all or a portion of the College Premises having a value in excess of \$1,000,000 is damaged, destroyed, condemned or sold under threat of condemnation and it is determined by the College that repair or reconstruction is not desirable, practical or financially feasible, from and to the extent of insurance proceeds or condemnation awards or proceeds of any sale under threat of condemnation received as a result of such damage, destruction, condemnation or sale under threat of condemnation.

C. If the Bonds are redeemed pursuant to subsection B. above and any excess insurance proceeds or other moneys are more than sufficient, together with other moneys then available in the funds created under the Indenture for the purpose, to redeem, prepay, or pay at maturity all Bonds then Outstanding under the Indenture, together with interest on the Bonds to the date of such redemption, prepayment, or maturity including any premium, to pay all costs

and expenses incident thereto, and to pay any obligations due to the Trustee or the Issuer under the Indenture and this Loan Agreement, any such balance over and above the aforesaid requirements shall be paid to the College.

D. In any instance where insurance proceeds or condemnation awards are to be applied to the repair, replacement or reconstruction of the College Premises, the proceeds shall be applied, deposited or disbursed as hereinabove set forth. In any instance where the insurance proceeds or condemnation awards are to be used to redeem Bonds, the College shall deposit any such proceeds in a redemption fund for such purpose.

Section 6.4. Disposition of Liability Insurance Proceeds. The proceeds of all public liability and automobile liability insurance and all workers' compensation insurance required by Section 6.1 shall be applied by the College to the payment of any judgment, settlement or liability incurred for risks covered by such insurance. Any excess over the amount required for such purpose shall be retained by the College.

ARTICLE 7. FINANCIAL COVENANTS

Section 7.1. Financial Covenants. As long as any of the Project Bonds remain outstanding, and unless otherwise agreed by the Bond Insurer:

A. The College shall calculate the ratio of the liquid unrestricted net assets ("LUNA") of the College to the outstanding principal amount of the indebtedness (including capitalized leases) of the College (the "Debt Ratio") as of the close of (i) the first six months of each Fiscal Year (each such period an "Interim Period") and (ii) each Fiscal Year. Within thirty (30) days after the close of each such semiannual period the chief financial officer of the College shall certify such calculation (an "Unaudited Calculation") to the Trustee and the Bond Insurer in writing. As provided in Section 8.2 hereof, the College shall cause the calculation of the Debt Ratio as of the close of each Fiscal Year to be audited by a Certified Public Accountant (an "Audited Calculation") and presented to the Trustee and the Bond Insurer, and the College may, at its option, cause an Audited Calculation as of the close of any Interim Period to be made and presented to the Bond Insurer. In the event the Debt Ratio shown by any Unaudited Calculation is less than 1.15, and any Audited Calculation of the Debt Ratio as of the close of the same period presented by the College to the Bond Insurer within ninety days (90) of the close of such period likewise shows that the Debt Ratio for such period is less than 1.15, then notwithstanding any other provision hereof or of the Indenture the College shall pay to the Trustee as loan repayments due hereunder, for deposit into the Sinking Fund, amounts sufficient to amortize the principal amount of the Outstanding Project Bonds over a period of sixty (60) months or, if fewer, the number of months to the final maturity of the Outstanding Project Bonds. Any such amortization payments made by the College and deposited into the Sinking Fund pursuant to the preceding sentence shall be applied by the Trustee, without any further required action of the College, to the redemption pro tanto of the Outstanding Project Bonds on the next date such Bonds are subject to optional redemption pursuant to the Indenture. Such redemptions shall be applied as a credit in inverse order of maturing installments of principal to the payments due from the College hereunder to pay the maturing principal of the Project Bonds. If, however, the Debt Ratio equals at least 1.15 for any consecutive period of twenty-four (24) months as shown

by an Officers' Certificate delivered to the Trustee and the Bond Insurer containing either Audited Calculations or a combination of Audited Calculations and Unaudited Calculations, then the obligation of the College to make such accelerated principal amortization payments hereunder shall cease and any such amounts previously paid by the College, and the earnings thereon, if any, then on deposit in the Sinking Fund shall be returned by the Trustee to the College.

B. The College may incur additional debt, including the issuance of Additional Bonds, only if the ratio as of the close of the preceding Fiscal Year of (i) its historical Net Revenues Available for Debt Service to its pro forma Maximum Annual Debt Service ("MADS") is not less than 1.25 and (ii) its LUNA to its MADS is not less than 1.50.

C. The College shall establish, charge and collect tuition, other student fees for the use and occupancy of the College Premises, and charges for services provided by the College such that in each Fiscal Year the net revenues, together with other available funds (as shown in the Annual Budget), of the College will be not less than the Annual Debt Service and operating expenses of the College for such Fiscal Year (the "Rate Covenant").

D. The College shall maintain a ratio of LUNA to MADS of not less than 2:1 for each Fiscal Year (the "Liquidity Ratio"). For variable rate indebtedness, MADS shall be computed assuming an interest rate equal to The Bond Market Association Municipal Swap Index over the 24 months immediately prior to the date of calculation.

E. The short-term debt of the College as of the close of any Fiscal Year may not exceed 20% of its net plant, property and equipment.

F. The unhedged variable rate debt of the College as of the close of any Fiscal Year may not exceed the greater of 30% of its total long-term debt or \$15,000,000.

G. The College shall enter into any swap agreement only with the prior written approval of the Bond Insurer and any hedge provider must be rated at least "AA" by the Rating Agencies.

H. The College shall defease the Outstanding Project Bonds in accordance with Section 14.2 of the Indenture upon any sale or other disposition of all or a substantial part of the College Premises.

I. Except for Permitted Encumbrances, the College shall not mortgage or grant a security interest in any of its property unless such mortgage or security interest also secures *pari passu* the Outstanding Project Bonds.

J. In the event the College fails to maintain the Liquidity Ratio specified above, the College shall within thirty (30) days engage an independent management consultant with expertise and experience in the management of nonprofit institutions of higher education (the "Management Consultant"). The Management Consultant and the scope and term of its engagement shall be acceptable to the Bond Insurer. Failure of the College to implement the Management Consultant's recommendations, if and to the extent such recommendations are not

contrary to law, or failure of the College to maintain a Liquidity Ratio of not less than 1.0 as of the close of any Fiscal Year, shall constitute an Event of Default under the Loan Agreement.

ARTICLE 8. ADDITIONAL COVENANTS OF COLLEGE

Section 8.1. Insurance Consultant. The College covenants and agrees that, every two years and otherwise whenever the services of an Insurance Consultant are required to carry out the provisions hereof, it shall retain an Insurance Consultant to review the risks to which the College is exposed and the adequacy of the College's insurance coverage therefor.

Section 8.2. College Books and Records; Audits. The College covenants to keep accurate records and books of account with respect to its revenues and expenditures in accordance with Generally Accepted Accounting Principles and, within 150 days after the end of each Fiscal Year, to have made an audit of its financial statements by a Certified Public Accountant. Such audit shall include the auditor's certification of the calculation of the Debt Ratio and Liquidity Ratio referred to in Section 7.1 hereof for such Fiscal Year, together with an Officers' Certificate certifying compliance with all the ratios to be determined pursuant to Section 7.1 hereof. A copy of the report of such audit (together with an Officers' Certificate of the College that it is not aware of any default or Event of Default hereunder or under the Indenture) shall be furnished to the Trustee and the Bond Insurer. The College shall also provide to the Trustee and the Bond Insurer the annual budget of the College for each Fiscal Year within thirty (30) days after the approval thereof by the College Board and such other information, data and reports as the Bond Insurer shall reasonably request from time to time. The College may from time to time provide to the Trustee and the Bond Insurer a revised annual budget for any Fiscal Year after the approval thereof by the College Board.

The College further covenants that at any time during the term of this Loan Agreement it shall make available to the Trustee upon written request therefor such internal operating and financial reports as have been prepared, on a monthly basis or otherwise, by the College and if, applicable, any report thereon by its Certified Public Accountant.

The College shall make available to the Certified Public Accountant conducting the Issuer's annual audit all records of the College which such Certified Public Accountant requires to complete its audit.

Section 8.3. Operation and Maintenance. The College covenants to maintain the College Premises in good repair and operating condition, to operate the same continuously in an economical and efficient manner and to make all ordinary repairs, renewals, replacements and improvements in order to maintain adequate service. The provisions of this Section shall not apply, however, to real estate or equipment to the extent that in the opinion of a proper officer of the College such real estate or equipment has become obsolete, unsuitable or unnecessary. The College further covenants that it will not commit or suffer any stripping or waste of the College Premises.

Section 8.4. Compliance with Laws. The College covenants that all actions heretofore and hereafter taken by the College to acquire and carry out the acquisition,

construction, and installation of the Project Facilities, including the making of contracts, have been and will be in compliance in all material respects with all pertinent laws, ordinances, rules, regulations and orders applicable to the College. In connection with the operation, maintenance, repair and replacement of the College Premises, the College covenants that it shall comply in all material respects with all applicable ordinances, laws, rules, regulations and orders of the government of the United States of America, the Commonwealth, the municipalities in which the College Premises or any part thereof are located, and any requirement of any board of fire underwriters having jurisdiction or of any insurance company writing insurance on the College Premises. The College further covenants and represents that to the best of its knowledge the College Premises, including the Project Facilities, are in compliance in all material respects with all applicable zoning, subdivision, building, land use and similar laws and ordinances. The College covenants that it shall not take any action or request the Issuer to execute any release which would cause the College Premises to be in material violation of such laws or ordinances or such that a conveyance of the College Premises or of any portion thereof would create a material violation of such laws and ordinances.

Section 8.5. Preservation of Status, Licensure, and Corporate Status; Merger and Consolidation. The College covenants (1) to preserve and to maintain its existence as a nonprofit corporation under the laws of the Commonwealth, and to preserve its Articles of Incorporation and its Bylaws (except that appropriate amendments may be made thereto in connection with any transactions contemplated by this Section) so that it will be, to the extent permitted by law at any given time, free from Federal taxes to the extent such action is required to preserve the tax-exempt status of the Bonds in the opinion of Bond Counsel and (2) to preserve and maintain its authority to operate the College Premises as an institution of higher education in the Commonwealth; provided, however, that nothing herein shall preclude the College, as a nonprofit corporation, from engaging in activities unrelated to its eleemosynary purpose or from earning income from such activities so long as such activity or income does not cause interest on the Bonds to be included in the gross income of the holders for Federal income tax purposes. The College covenants that during the term of this Loan Agreement it shall not initiate any proceedings or take any action whatsoever to dissolve or liquidate or to terminate its existence as a corporation except to consolidate or to merge with another entity as provided herein. The College covenants that during the term of this Loan Agreement it shall not consolidate with, transfer all or any significant part of its assets to, or merge with or into any other entity, unless it shall obtain the consent of the Bond Insurer and all of the following conditions shall be met:

A. The successor, transferee or surviving entity shall be a nonprofit corporation, or similar entity, organized under the laws of the United States, or any state, district or territory of the United States;

B. The successor, transferee or surviving entity (if not the College) agrees expressly, in writing, to assume the obligations of the College under this Loan Agreement to the same extent as if such successor, transferee or surviving entity had been the original borrower under this Loan Agreement;

C. Immediately after such consolidation, transfer or merger, the College, or such successor, transferee or surviving entity, shall not be in default in the performance or

observance of any duties, obligations or covenants of the College under this Loan Agreement; and

D. The Issuer and Trustee shall have received opinions of Bond Counsel and the College's Counsel, respectively, not unsatisfactory to either of them that (A) the exclusion of interest on the Bonds from the gross income of the holder for Federal income tax purposes will not be affected by such consolidation, transfer or merger; (B) the obligations assumed by any successor transferee or surviving entity pursuant to this Section are legal, valid, binding and enforceable, subject as to enforceability to bankruptcy, insolvency, moratorium, or other laws or equitable principles affecting creditors' rights generally; and (C) all of the conditions required for such consolidation, transfer or merger set forth in this Section 8.5 have been satisfied.

Section 8.6. Tax Exemption of College and Bonds.

A. The College represents and warrants that, as of the date of the Agreement:

(1) it is an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986 (the "Code") and is not a private foundation as defined in Section 509 of the Code;

(2) it is not in violation of any conditions imposed by applicable law and regulations as a condition to its being so described; and

(3) it is exempt from Federal income tax under Section 501(a) of the Code.

B. The College covenants that throughout the term of this Agreement:

(1) it will take whatever actions are necessary to continue to be organized and operated in a manner which will preserve and maintain such Federal income tax status of the College;

(2) it will not perform any acts nor enter into any agreements which shall cause any revocation or adverse modification of such Federal income tax status of the College;

(3) it will not carry on or permit to be carried on in any property financed or refinanced with proceeds of the Bonds (or with Bond proceeds or the proceeds of any loan refinanced with the Bond proceeds) any trade or business the conduct of which (a) is not substantially related (aside from the need of the College for income or funds or the use it makes of the profits derived) to the exercise or performance by the College of purposes or functions described in Section 501(c)(3) of the Code, and (b) would cause the interest on the Bonds to be includable in gross income for Federal income tax purposes; and

(4) it will not take any action or permit any action to be taken on its behalf, or cause or permit any circumstances within its control to arise or continue, if

such action or circumstances would cause the interest on the Bonds to be includable in gross income for Federal income tax purposes.

Section 8.7. Inspection. The College covenants that the Trustee, by its duly authorized representatives, upon reasonable notice and at reasonable times, may inspect all or any part of the College Premises.

Section 8.8. Additional Information. The College agrees, whenever requested by the Issuer, to provide and certify or cause to be provided and certified such information concerning the Project, the College, the College Premises, the finances of the College, and other topics as the Issuer considers necessary to enable the completion and publication of one or more official statements relating to the Bonds at the time when the Bonds are to be offered for sale, to enable Counsel to issue their respective opinions and otherwise advise the Issuer as to the transaction or the capacity of the parties to enter into the same, or to enable it to make any reports or supply any information required by the Indenture, this Loan Agreement, the Tax Compliance Agreement, law, governmental regulation or otherwise.

Section 8.9. Certain Notices to Be Given. The College covenants and agrees that it will give to the Issuer and to the Trustee, as promptly as practicable but in no event later than five (5) business days after the same shall first become known to the College, notice of the occurrence of any Event of Default or of any event which, with the passage of time or the giving of notice, or both, would constitute an Event of Default.

Section 8.10. Bonds Not to Become Arbitrage Bonds. As provided in the Indenture, the Trustee will invest moneys held by the Trustee as directed by the College. The Issuer and the College hereby covenant with each other and with the holders of the Bonds that, notwithstanding any other provisions of this Loan Agreement or any other instrument, they will neither make nor instruct the Trustee to make any investment or other use of the proceeds of the Bonds, or take or omit to take any other action which would cause the Bonds to be arbitrage bonds under Section 148 of the Code and the regulations thereunder, and that they will comply with the requirements of the Code and applicable regulations throughout the term of the Bonds so that the interest on the Bonds shall be excluded from gross income of the holders of the Bonds for federal income tax purposes.

Section 8.11. Environmental Matters. The College covenants to comply in all material respects (and to cause all occupants of the College Premises to comply) with all federal, state and local laws, ordinances, rules and regulations pertaining to the environment and human health and safety (collectively, "Environmental Laws"), including, without limitation, those regulating hazardous or toxic wastes and substances (as such phrases may be defined in any Environmental Law), and to give prompt written notice to the Trustee and the Issuer of any material violation or alleged material violation of any Environmental Law with respect to the College Premises. The College represents that it is not aware of any existing violation of any Environmental Law by the College or the College Premises, including the Project Facilities.

Section 8.12. Accreditation. The College shall maintain its accreditation by at least one nationally recognized accreditation agency as a post-secondary liberal arts teaching institution.

ARTICLE 9.

EVENTS OF DEFAULT AND REMEDIES

Section 9.1. Events of Default. The occurrence of any of the following events shall constitute an Event of Default hereunder:

A. if the College fails to make any payment required by Article 5 hereof or by the Indenture, which payment shall be required for payment of the principal or Redemption Price of, or interest on, the Bonds, when the same shall become due and payable, with or without notice to the College;

B. if the College fails to perform any of its other covenants herein and such failure continues for thirty (30) days after the Trustee gives the College notice thereof or the College gives notice thereof under Section 8.9 hereof, whichever is earlier; provided, however, that if such performance requires work to be done, actions to be taken, or conditions to be remedied, which by their nature cannot reasonably be done, taken or remedied, as the case may be, within such 30-day period, no Event of Default shall be deemed to have occurred or to exist if, and so long as, the College shall commence such performance within such 30-day period and shall diligently and continuously prosecute the same to completion;

C. if the College proposes or makes an assignment for the benefit of creditors or a composition agreement with all or a material part of its creditors, or a trustee, receiver, executor, conservator, liquidator, sequestrator or other judicial representative, similar or dissimilar, is appointed for the College or any of its assets or revenues, or there is commenced any proceeding in liquidation, bankruptcy, reorganization, arrangement of debts, debtor rehabilitation, creditor adjustment, foreclosure or insolvency, local, state or federal, by or against the College and if such is not vacated, dismissed or stayed on appeal within sixty (60) days;

D. if an event of default occurs under the terms of the Indenture which causes all the Bonds to be due and payable;

E. if there shall have occurred and be continuing an event of default under any indebtedness of the College resulting in an acceleration thereof; provided that such indebtedness has an outstanding balance of more than two percent (2%) of the total net assets of the College at the time such event of default occurs.

Section 9.2. Acceleration. If any of the foregoing Events of Default shall happen, then and at any time thereafter while such Event of Default is continuing, the Trustee as assignee of the Issuer hereunder may, in addition to its other remedies at law or equity or provided for herein, and if the Trustee shall have declared the principal of any Bonds then Outstanding to be immediately due and payable pursuant to Section 10.2 of the Indenture, declare all amounts payable under Section 5.1 of this Loan Agreement to be immediately due and payable, then there shall become due and payable hereunder an amount equal to the principal of all Bonds so declared to be immediately due and payable plus accrued interest to the date of payment of such Bonds and all other amounts then due and payable hereunder to the Issuer. Until said amount is paid, or caused to be paid, by the College, the Trustee shall continue to have

all of the rights, powers and remedies herein set forth, and the College's obligations hereunder shall continue in full force and effect.

Section 9.3. Appointment of Receiver. In case of any proceeding of the Trustee wherein appointment of a receiver may be permissible, the Trustee, as a matter of right and immediately upon institution of each such proceeding, upon written notice to the College, shall be entitled to appointment of a receiver of the College Premises with such powers as the court making such appointment can confer; subject, however, to any limitations and restrictions of the Act.

Section 9.4. Additional Remedies. If any Event of Default shall happen, then and at any time thereafter while said Event of Default is continuing, the Trustee may take any action at law or in equity to collect amounts then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the College under this Loan Agreement, or any other action provided for in the Indenture. The Trustee may exercise any one or more of the remedies available to it separately or concurrently and as often as required to enforce the College's obligations. In addition to the other remedies provided herein, the Trustee shall be entitled to the restraint by injunction of the violation, or attempted or threatened violation by the College, of any of the covenants, conditions or provisions hereof, or to a decree compelling specific performance of any of such covenants, conditions or provisions.

Section 9.5. Waivers. No failure by either party to insist upon strict performance hereof or to exercise any remedy upon the occurrence of an Event of Default shall constitute a waiver of such default, or a waiver or modification of any provision hereof. Upon the occurrence of an Event of Default, the Trustee may exercise any one or more of the remedies available to it separately or concurrently and as often as required to enforce the College's obligations.

Section 9.6. Remedies Not Exclusive. All rights and remedies herein given are in addition to any and all rights and remedies that the Issuer or the Trustee may have or be given by reason of any law, statute, ordinance or otherwise.

Section 9.7. Expenses. If the College shall default under any of the provisions of this Loan Agreement and the Issuer or the Trustee shall employ attorneys or incur other expenses for the collection of amounts payable hereunder or for the enforcement of performance or observance of any obligation or agreement on the part of the College contained in this Loan Agreement, the College will on demand therefor reimburse the Issuer or the Trustee, as the case may be, for the reasonable fees of such attorneys and such other reasonable expenses so incurred.

ARTICLE 10. MISCELLANEOUS

Section 10.1. Consent to Indenture. The College acknowledges that it has received an executed copy of the Indenture, and that it is familiar with its provisions, and agrees to be bound to the fullest extent permitted by law to all provisions thereof directly or indirectly relating to it and further agrees that it will take all such actions as are required or contemplated of it under the Indenture to preserve and protect the rights of the Trustee and of the Bondholders

thereunder and that it will not take any action which would cause a default thereunder or jeopardize such rights. It is agreed by the College and the Issuer that all redemption of Bonds prior to maturity shall be effected as provided in the Indenture.

The College hereby assumes and agrees to perform all of the covenants and other obligations of the Issuer under the Indenture, excepting only any approvals, consents or certificates permitted or required to be given by the Issuer thereunder, and those covenants or obligations the performance of which is within the power of the Issuer but not the College to perform, including but not limited to those covenants and conditions contained in Section 2.2 (relating to the execution of the Bonds), Section 3.1 (relating to the application of the proceeds of the Bonds), Section 9.2 (requiring the Issuer to maintain its corporate existence so long as permitted by applicable law), and Section 9.6 (prohibiting the Issuer from taking any action which would impair the rights of the Bondholders and requiring it to pay over to the Trustee money received by it in respect of the College Premises which are not otherwise assigned to the Trustee). However, nothing contained herein shall prevent the Issuer from choosing from time to time, in its discretion, to perform any of such covenants or other obligations.

Section 10.2. Payment by Issuer of College Obligations. If the College at any time fails to take out, pay for, maintain or deliver any of the insurance policies provided for in Article 6, or shall fail, within the time provided for in Article 9 after the notice therein specified of any Event of Default, as therein defined, has been given thereunder, to make any other payment or perform any other act on its part to be made or performed, then the Trustee as assignee of the Issuer hereunder may, but shall not be obligated so to do, and without further notice to or demand upon the College and without waiving or releasing the College from any of its obligations in this Loan Agreement contained, (a) take out, pay for and maintain any of the insurance policies provided for in Article 6, or (b) make any other payment or perform any other act on the College's part to be made or performed as in this Loan Agreement provided. Any sums so paid by the Trustee shall be payable to the Trustee by the College, together with interest thereon at the prime rate of interest announced by the Trustee from time to time during the period from the date such sums are paid by the Trustee to the date of payment thereof by the College, on demand, or at the option of the Trustee may be added to any payment due or thereafter becoming due under this Loan Agreement, and the College covenants to pay any such sums.

Section 10.3. Severability. If any term or provision hereof or the application thereof for any reason or circumstances shall to any extent be held to be invalid or unenforceable, the remaining provisions or the application of such term or provision to persons other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision hereof shall be valid and enforceable to the fullest extent permitted by law.

Section 10.4. No Personal Recourse; Indemnification of Issuer and Trustee. In the exercise of the power of the Issuer and its members, officers, employees and agents hereunder including (without limiting the foregoing) the application of moneys and the investment of funds or in the event of default by the College, neither the Issuer, the Commonwealth or any agency or political subdivision of the Commonwealth, nor their respective elected officials, members, directors, officers, employees, and agents (each an

“Indemnified Party” and collectively the “Indemnified Parties”) shall be accountable to the College for any action taken or omitted by such Indemnified Party in good faith and believed by such Indemnified Party to be authorized or within the discretion of rights or powers conferred. The Indemnified Parties shall be protected in their acting upon any paper or document believed by them to be genuine, and they may conclusively rely upon the advice of Counsel and may (but need not) require further evidence of any fact or matter before taking any action. No recourse shall be had by the College for any claims based hereon or on the Indenture against any elected official, member, director, officer, employee or agent of the Issuer or the Commonwealth or any agency or political subdivision thereof alleging personal liability on the part of such person. The College shall have no recourse against any assets of the Issuer whether now or hereafter owned by it.

The College will indemnify and hold harmless the Indemnified Parties against any and all claims, losses, damages or liabilities (including reasonable attorneys’ fees), joint or several, to which any Indemnified Party may become subject, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of the Project, the Indenture, this Loan Agreement, or the College Premises or are based upon any other alleged act or omission in connection with the issuance of the Bonds by the Issuer under the Indenture unless the losses, damages or liabilities arise from an adjudication of bad faith or fraud or deceit of an Indemnified Party. In the event any claim is made or action brought against an Indemnified Party, the Indemnified Party may direct the College to assume the defense of the claim and any action brought thereon and pay all reasonable expenses incurred therein; or may assume the defense of any such claim or action, the costs of which shall be paid in the same manner as other Administrative Expenses of the Issuer. The defense of any such claim shall include the taking of all actions reasonably necessary or appropriate thereto.

The College hereby agrees to indemnify the Trustee, and each director, officer, and employee of the Trustee, and hold it and them harmless from and against any and all claims, liabilities, losses, actions, suits or proceedings, at law or in equity, which it or they may incur or with which it or they may be threatened by reason of it acting as Trustee under the Indenture and with respect to this Loan Agreement and the Bonds, except in the case of the Trustee’s own willful misconduct or negligence; and in connection therewith to indemnify the Trustee and each director, officer and employee of the Trustee against any and all expenses, including reasonable attorney’s fees and the cost of defending any action, suit or proceeding or resisting any claim. There shall be no personal liability of any director, officer, or employee of the College in executing this Loan Agreement or in carrying out any provision of this Loan Agreement.

The obligations of the College under this Section shall survive the termination of this Loan Agreement.

Section 10.5. Reference to Statutes or Regulations. A reference herein to a statute or to a regulation issued by a governmental agency includes the statute or regulation in force as of the date hereof, together with all amendments and supplements thereto and any statute or regulation substituted for such statute or regulation, unless the specific language or the context of the reference herein clearly includes only the statute or regulation in force as of the date hereof.

A reference herein to a governmental agency, department, board, commission or other public body or to a public officer includes an entity or officer which or who succeeds to substantially the same functions as those performed by such public body or officer as of the date hereof, unless the specific language or the context of the reference herein clearly includes only such public body or public officer as of the date hereof.

Section 10.6. Governing Law. The laws of the Commonwealth shall govern the construction hereof.

Section 10.7. Supplements and Amendments to Loan Agreement. The parties hereto from time to time may, with prior written notice to the Bond Insurer, enter into any written amendments hereto (which thereafter shall form a part hereof) as shall not adversely affect the rights of or the security of the holders of the Bonds, only for the following purposes:

A. to cure any ambiguity, defect, or inconsistency or omission herein or in any amendment hereto; or

B. to grant to or confer upon the Trustee any additional rights, remedies, powers, authority or security that lawfully may be granted to or conferred upon it; or

C. to reflect a change in applicable law including, but not limited to, any change in the Code;

D. in connection with the issuance of Additional Bonds under the Indenture;
or

E. to provide terms not inconsistent with the Indenture or this Loan Agreement; provided, however, that this Loan Agreement as so amended or supplemented shall provide at least the same security for holders of Bonds issued under the Indenture as the Loan Agreement in the form originally executed and delivered.

All other amendments must be approved by the Trustee and must be consented to by the Bond Insurer (as long as the Bond Insurance Policy is in effect and the Bond Insurer is not in default of any of its obligations thereunder) and, if required by the Indenture, the holders of the Bonds, in the same manner and to the same extent as is set forth in Article 13 of the Indenture. In executing any amendment to this Loan Agreement, the Trustee shall be fully protected by an opinion of Counsel that such amendment is permitted and has been duly authorized and that all things necessary to make it a valid and binding agreement have been done.

Section 10.8. Notices. All notices required or authorized to be given by the College, the Issuer or the Trustee pursuant to this Loan Agreement shall be in writing and shall be delivered or sent by registered or certified mail, postage prepaid, to the following addresses:

If to the College, to:

Bellarmino University
2001 Newburg Road

Louisville, Kentucky 40205
Attention: Vice President, Finance and Treasurer

If to the Issuer, to:

Louisville/Jefferson County Metro Government

Louisville, Kentucky 40202
Attention: Mayor

If to the Trustee, to:

Louisville, Kentucky 40____
Attention: Corporate Trust Department

or to such addresses as may from time to time be furnished to the parties, effective upon the receipt of notice thereof given as set forth above.

The College, the Issuer, and the Trustee shall each send in the same manner a duplicate copy or executed copy of each notice, certificate, correspondence or other material or data delivered hereunder to each of the others and to the Bond Insurer at:

Attention: Managing Director-Surveillance,
Re: Policy No. _____

Section 10.9. Counterparts. This Loan Agreement may be executed in multiple counterparts, each of which shall be regarded for all purposes as an original, and such counterparts shall constitute but one and the same instrument.

Section 10.10. Headings. All headings herein are for convenience of reference only and shall not affect the interpretation of this Loan Agreement.

Section 10.11. Reference to Bond Insurer and Bond Insurance Policy. All references herein to the Bond Insurer and the Bond Insurance Policy shall be disregarded and of no further affect upon the payment and retirement of the Project Bonds in accordance with their terms and the satisfaction and discharge of all obligations of the Issuer and the College to the Bond Insurer hereunder and under the Bond Insurance Policy.

IN WITNESS WHEREOF, the Louisville/Jefferson County Metro Government has caused this Loan Agreement to be executed in its name and in its behalf by its Mayor and attested by its Metro Clerk, and Bellarmine University Incorporated has caused this Loan

Agreement to be executed in its name and in its behalf by its Vice President, Finance and Treasurer, all as of the day and year first above written.

**LOUISVILLE/JEFFERSON COUNTY METRO
GOVERNMENT**

By: _____
Title: Mayor

Attest:

By: _____
Clerk of the Metro Council

APPROVED AS TO FORM AND LEGALITY:

Irv Maze
Jefferson County Attorney

By: _____
James T. Carey, Assistant County Attorney

**BELLARMINE UNIVERSITY
INCORPORATED**

By: _____
Vice President, Finance and Treasurer

ASSIGNMENT

KNOW ALL MEN BY THESE PRESENTS that the Louisville/Jefferson County Metro Government (the "Issuer"), pursuant to an ordinance of its Metro Council heretofore duly adopted, does hereby sell, assign, transfer, and set over to _____, having a corporate trust office in Louisville, Kentucky, as trustee (the "Trustee") under the Trust Indenture dated as of June 1, 2006 (the "Indenture"), between the Issuer and the Trustee, all the right, title and interest of the Issuer in and to the Loan Agreement dated as of June 1, 2006 (the "Loan Agreement"), between the Issuer and Bellarmine University Incorporated, as well as all payments payable or which may become payable thereunder and all security therefor (except for amounts constituting Unassigned Rights as defined in the Loan Agreement), the same to be held in trust and applied by the Trustee as provided in the Indenture; and the Issuer does hereby constitute and appoint the Trustee its true and lawful attorney for it and in its name to collect and receive payment of any and all such payments and to give good and sufficient receipts therefor, hereby ratifying and confirming all that the attorney may do in the premises. The Trustee may, but, except as otherwise provided in the Indenture, shall not be required to, institute any proceedings or take any action in its name or in the name of the Issuer to enforce payment or collection of any or all of such payments.

Notwithstanding such assignment and transfer, so long as the Issuer shall not be in default under the Indenture:

- (1) The Issuer shall have the right and duty to give all approvals and consents permitted or required of the Issuer under the Loan Agreement;
- (2) The Issuer shall have the right to execute supplements and amendments to the Loan Agreement to the extent and in the manner permitted by the Loan Agreement and the Indenture; and
- (3) There shall be no responsibility on the part of the Trustee for duties or responsibilities of the Issuer contained in the Loan Agreement and in any supplements or amendments thereto.

IN WITNESS WHEREOF, the Louisville/Jefferson County Metro Government has caused this Assignment to be duly executed in its name by its Mayor and attested by its Metro Council, and this Assignment to be dated as of June 1, 2006.

**LOUISVILLE/JEFFERSON COUNTY METRO
GOVERNMENT**

By: _____
Title: Mayor

Attest:

By: _____
Clerk of the Metro Council

APPROVED AS TO FORM AND LEGALITY:

Irv Maze
Jefferson County Attorney

By: _____
James T. Carey, Assistant County Attorney

EXHIBIT A
EXISTING MORTGAGES

None.

BOND PURCHASE AGREEMENT

\$ _____
College Refunding and Improvement Bonds, Series 2006
(Bellarmine University Project)

May ___, 2006

Louisville/Jefferson County Metro Government
527 West Jefferson Street
Louisville, Kentucky 40202

Bellarmino University Incorporated
2001 Newburg Road
Louisville, Kentucky 40205

Ladies and Gentlemen:

The undersigned, RBC Dain Rauscher Inc. d/b/a RBC Capital Markets (the "Underwriter"), acting on its own behalf and not acting as fiduciary or agent for you, offers to enter into the following agreement (this "Agreement") with the Louisville/Jefferson County Metro Government (the "Issuer") and Bellarmine University Incorporated, a Kentucky nonstock corporation (the "Borrower"), which, upon the Issuer's and the Borrower's written acceptance of this offer, will be binding upon the Issuer, the Borrower and the Underwriter. This offer is made subject to the Issuer's and the Borrower's written acceptance hereof on or before __:00 p.m., Eastern Time, on _____, 2006, and, if not so accepted, will be subject to withdrawal by the Underwriter upon notice delivered to the Issuer and the Borrower at any time prior to the acceptance hereof by the Issuer and the Borrower. Terms not otherwise defined in this Agreement shall have the same meanings set forth in the Indenture (as defined herein) or in the Official Statement (as defined herein).

1. Purchase and Sale of the Bonds. Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriter hereby agree to purchase from the Issuer, and the Issuer hereby agrees to sell and deliver to the Underwriter, all, but not less than all, of the Issuer's College Refunding and Improvement Bonds, Series 2006 (Bellarmine University Project) (the "Bonds").

The purchase price for the Bonds shall be \$ _____. The discount of \$ _____ represents an underwriting discount of \$ _____ [and an original issue discount of [\$ _____]].

The principal amount of the Bonds to be issued, the dated date therefor, the maturities, sinking fund and optional redemption provisions and interest rates per annum are set forth in Schedule I hereto. The Bonds shall be as described in, and shall be issued and secured under and pursuant to the provisions of the Trust Indenture dated as of

May 1, 2006 (the "Indenture") between the Issuer and _____, as trustee (the "Trustee").

The Issuer authorized the issuance of the Bonds in an ordinance adopted by the Metro Council of the Issuer on _____, 2006 (the "Bond Ordinance"). The Issuer will lend the proceeds of the sale of the Bonds to the Borrower pursuant to the Loan Agreement dated as of May 1, 2006 (the "Loan Agreement") between the Issuer and the Borrower. The Borrower's obligation to repay the loan will be evidenced by the Promissory Note, Series 2006 dated as of the Closing Date (as hereinafter defined) (the "Note") in the principal amount of \$_____ issued by the Borrower and payable to the order of the Issuer. In connection with the issuance of the Bonds, the Issuer, the Borrower and the Trustee will enter into the Tax Compliance Agreement dated the Closing Date (the "Tax Agreement") which sets forth certain representations, expectations and agreements relating to the exemption of interest on the Bonds from federal income taxation. In order to permit the Underwriter to offer the Bonds in compliance with Rule 15c2-12 (the "Rule") of the Securities and Exchange Commission (the "SEC"), the Borrower and the Trustee will enter into the Continuing Disclosure Agreement dated as of May 1, 2006 (the "Disclosure Agreement").

The Indenture, Loan Agreement and Tax Agreement are collectively referred to herein as the "Issuer Documents" and the Loan Agreement, Note, Tax Agreement and Disclosure Agreement are referred to herein as the "Borrower Documents".

2. Public Offering. The Underwriter agree to make a bona fide public offering of all of the Bonds at a price not to exceed the public offering price set forth on the cover of the Official Statement and may subsequently change such offering price without any requirement of prior notice. The Underwriter may offer and sell Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower than the public offering price stated on the cover of the Official Statement.

3. The Preliminary Official Statement and Official Statement.

(a) The terms of the Bonds are described in the Preliminary Official Statement dated _____, 2006 (the "*Preliminary Official Statement*"), including the cover page and Appendices thereto, relating to the Bonds. The Preliminary Official Statement has been prepared for use by the Underwriter in connection with the public offering, sale and distribution of the Bonds. The Issuer and the Borrower hereby represent and warrant that the Preliminary Official Statement was deemed final by the Issuer and the Borrower, respectively, as of its date, except for the omission of such information which is dependent upon the final pricing of the Bonds for completion, all as permitted to be excluded by Section (b)(1) of the Rule.

(b) The Borrower shall provide, or cause to be provided, to the Underwriter as soon as practicable after the date of the Issuer's and the Borrower's acceptance of this Agreement (but, in any event, not later than within seven

business days after the Issuer's and the Borrower's acceptance of this Agreement and in sufficient time to accompany any confirmation that requests payment from any customer) copies of the final Official Statement (the "*Official Statement*") dated the date of this Agreement (which shall be in the form of the Preliminary Official Statement with such revisions as are necessary to reflect the terms of the Bonds set forth on Schedule I and such other changes as are acceptable to the parties) which is complete as of the date of its delivery to the Underwriter in such quantity as the Underwriter shall request in order for the Underwriter to comply with Section (b)(4) of the Rule and the rules of the Municipal Securities Rulemaking Board.

(c) The Issuer and the Borrower each hereby authorize the Official Statement and the information therein contained to be used by the Underwriter in connection with the public offering and the sale of the Bonds. The Issuer and the Borrower each consent to the use by the Underwriter prior to the date hereof of the Preliminary Official Statement in connection with the public offering of the Bonds.

(d) If, after the date of this Agreement to and including the date the Underwriter is no longer required to provide an Official Statement to potential customers who request the same pursuant to the Rule (the earlier of (i) 90 days from the "end of the underwriting period" (as defined in the Rule) and (ii) the time when the Official Statement is available to any person from a nationally recognized municipal securities repository, but in no case less than 25 days after the "end of the underwriting period" for the Bonds), the Issuer or the Borrower becomes aware of any fact or event which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or if it is necessary to amend or supplement the Official Statement to comply with law, the Issuer or the Borrower, as the case may be, will notify the Underwriter (and for the purposes of this clause provide the Underwriter with such information as it may from time to time request), and if, in the opinion of the Underwriter, such fact or event requires preparation and publication of a supplement or amendment to the Official Statement, the Borrower will forthwith prepare, and the Issuer shall cooperate with the Borrower in such preparation, and furnish, at the Borrower's expense (in a form and manner approved by the Underwriter), a reasonable number of copies of either amendments or supplements to the Official Statement so that the statements in the Official Statement as so amended and supplemented will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading or so that the Official Statement will comply with law. If such notification shall be subsequent to the Closing, the Issuer and the Borrower shall furnish, at the Borrower's expense, such legal opinions, I certificates, instruments and other documents as the Underwriter may deem necessary to evidence the truth and accuracy of such supplement or amendment to the Official Statement. The

obligations of the Issuer set forth in this paragraph shall not require the Issuer to monitor the business affairs or financial condition of the Borrower.

(e) The Underwriter hereby agrees to file the Official Statement with a nationally recognized municipal securities information repository. Unless otherwise notified in writing by the Underwriter, the Issuer and the Borrower can assume that the "end of the underwriting period" for purposes of the Rule is the date of the Closing.

4. Representations, Warranties, and Covenants of the Issuer. The Issuer hereby represents and warrants to and covenants with the Underwriter that:

(a) The Issuer (i) is a consolidated local government and body corporate and politic organized and existing under the laws of the Commonwealth of Kentucky (the "*State*"), and is authorized by the Industrial Buildings for Cities and Counties Act, as amended, Kentucky Revised Statutes ("*KRS*") 103.200 to 103.285 (the "*Act*") to issue the Bonds, (ii) has full legal right, power and authority under the Act, and at the date of the Closing will have full legal right, power and authority under the Act and the Bond Ordinance [A] to enter into, execute and deliver the Issuer Documents, [B] to sell, issue and deliver the Bonds to the Underwriter as provided herein, and [C] to perform its obligations under the Issuer Documents, and (iii) to execute and deliver the Official Statement.

(b) By all necessary official action of the Issuer prior to or concurrently with the acceptance hereof, the Issuer has duly authorized all necessary action to be taken by it for (i) the adoption of the Bond Ordinance and the issuance and sale of the Bonds, (ii) the approval, execution and delivery of, and the performance by the Issuer of the obligations on its part, contained in the Bonds and the Issuer Documents and (iii) the execution and delivery of the Official Statement.

(c) This Agreement constitutes, and the other Issuer Documents, when executed and delivered will constitute, legal, valid and binding obligations of the Issuer, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights. The Bonds, when issued, delivered, authenticated and paid for, in accordance with the Bond Ordinance, the Indenture and this Agreement, will constitute legal, valid and binding obligations of the Issuer entitled to the benefits of the Indenture and enforceable in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights; provided that such Bonds are payable solely from the loan repayments and other revenues derived in respect of the loan and do not constitute an indebtedness of the Issuer within the meaning of the Constitution and laws of the Commonwealth. Upon such issuance, delivery and authentication of the Bonds, the Indenture will provide, for the benefit of the holders, from time to time, of the Bonds, the legally

valid and binding pledge of and lien it purports to create as set forth in the Indenture.

(d) The execution and delivery of the Bonds, the Issuer Documents and the adoption of the Bond Ordinance, and the Issuer's compliance with the provisions thereof, will not conflict with or constitute a breach of or default under any constitutional provision, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party.

(e) To the best knowledge of the Issuer, there is no legislation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or threatened against the Issuer, (i) affecting the existence of the Issuer or the titles of its officers to their respective offices, (ii) affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds or the collection of the Pledged Revenues (as defined in the Indenture) pursuant to the Indenture or in any way contesting or affecting the validity or enforceability of the Bonds or the Issuer Documents, (iii) contesting the exclusion from gross income of interest on the Bonds for federal income tax purposes, (iv) contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or (v) contesting the power of the Issuer to issue the Bonds, adopt the Bond Ordinance or execute and deliver the Issuer Documents, nor, to the best knowledge of the Issuer, is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Bonds or the Issuer Documents.

(f) As of the date thereof, the information in Preliminary Official Statement and in the Official Statement under the caption "THE ISSUER" and with respect to the Issuer under the caption "NO LITIGATION" is correct and complete in all material respects.

5. Representations and Warranties of the Borrower. The Borrower represents and warrants that:

(a) The Borrower is (i) duly incorporated as a nonprofit corporation under the laws of the Commonwealth of Kentucky, and (ii) an organization described in Section 501(c)(3) of the Code and exempt from federal income taxation under Section 501(a) of the Code. The Borrower has full power and authority to sign and deliver the Borrower Documents, to own and operate of the Project (as defined in the Loan Agreement), and to take any and all such action as may be required on its part to carry out, give effect to and consummate the transactions contemplated by the Borrower Documents.

(b) The Borrower has duly authorized the signing and delivery of the Borrower Documents and the taking of all such action as may be required

on the part of the Borrower to carry out, give effect to and consummate the transactions contemplated by the Bond Documents. This Agreement constitutes, and the other documents comprising the Borrower Documents when signed and delivered will constitute, legal, valid and binding obligations of the Borrower enforceable in accordance with their respective terms, except that enforceability may be limited by laws relating to bankruptcy, reorganization or other similar laws affecting the rights of creditors and by the exercise of judicial discretion in accordance with general principles of equity.

(c) The information contained in the Preliminary Official Statement was, as of its date, and the statements and information contained in the Official Statement as of its date and as of the Closing Date will be, true, correct and complete in all material respects, and the Preliminary Official Statement did not as of its date, and the Official Statement as of its date and at the Closing Date will not, contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make such statements therein, in light of the circumstances under which they were made, not misleading, provided that the representations and warranties in this subparagraph (c) do not apply to information contained under the captions "THE ISSUER," "TAX EXEMPTION" and "UNDERWRITING" and information with respect to the Issuer contained under the caption "NO LITIGATION." In addition, any amendments or supplements to the Official Statement prepared and furnished by the Borrower pursuant to this Agreement will not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(d) Neither the signing and delivery of the Borrower Documents nor the consummation of the transactions contemplated therein or the compliance with the provisions thereof, will conflict in any material respect with, or constitute on the part of the Borrower a violation in any material respect of, or breach in any material respect of or default in any material respect under (i) its Articles of Incorporation or Bylaws, as amended, (ii) any statute, trust indenture, mortgage, lease, commitment, note or other agreement or instrument to which the Borrower is a party or by which the Borrower is bound, or (iii) to the best knowledge of the Borrower any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Borrower or any of its activities or properties. All consents, approvals, authorizations and orders of governmental or regulatory authorities (other than approvals under securities or "blue sky" laws of any jurisdiction) that could legally be obtained as of this date that to the best knowledge of the Borrower are required for the Borrower's signing and delivery of, consummation of the transactions contemplated by and compliance with the provisions of the Bond Documents, have been obtained.

(e) Except as may be set forth in the Preliminary Official Statement or the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending or, to the best knowledge of the Borrower, threatened, against the

Borrower, its legal existence, or the actions taken or contemplated to be taken by it, nor, to the best knowledge of the Borrower, is there any reasonable basis therefor, (i) challenging the validity or enforceability of the Bonds or the Bond Documents or that would in any way question the exclusion from gross income of interest on the Bonds for federal income tax purposes, or (ii) wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Borrower Documents and the Official Statement, or (iii) wherein an unfavorable decision, ruling or finding would materially and adversely affect the business, financial condition or operations of the Borrower.

(f) No event has occurred and no condition exists that, upon issuance of the Bonds, would constitute (or with the giving of notice or lapse of time, or both, would constitute) a Default or an Event of Default under the Borrower Documents.

(g) The Borrower is not in violation in any material respect of any provision of, or in default under, any statute, trust indenture, mortgage, commitment, lease, note or other agreement or instrument to which it is a party or by which it is bound, or to the best knowledge of the Borrower any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Borrower or any of its activities or properties, other than violations or defaults the effects of which do not and will not have a material adverse effect on its business, financial condition or operations, or the transactions contemplated hereby.

(h) There has been no material adverse change in the financial position or results of operations of the Borrower since June 30, 2005.

(i) Any certificate signed by an officer of the Borrower and delivered to the Underwriter or the Issuer shall be deemed a representation and warranty by the Borrower to the Underwriter and the Issuer as to the truth when made of the statements therein contained.

6. Covenants of the Borrower. The Borrower covenants as follows:

(a) The Borrower will cooperate with the Underwriter in qualifying the Bonds for offer and sale under the securities or Blue Sky laws of such jurisdictions of the United States of America as the Underwriter may request, provided nothing herein requires the Borrower to register as a broker-dealer or to consent to service in any jurisdiction or to undertake any other materially burdensome act.

(b) The Borrower will take such action as may be reasonably requested to facilitate the timely consummation of the transactions contemplated by this Agreement.

(c) The Borrower will not take any action or permit any action to be taken on its behalf, or cause or permit any circumstance within its control to

arise or continue, if such action would adversely affect the exclusion from gross income of interest on the Bonds for federal income tax purposes.

7. Indemnification.

(a) The Borrower agrees to (i) indemnify and hold the Underwriter, the Issuer, their respective directors, officers, members and employees and each person, if any, who controls the Underwriter or the Issuer within the meaning of Section 15 of the Securities Act of 1933 (the "*1933 Act*") or Section 20 of the Securities Exchange Act of 1934 (the "*1934 Act*"), harmless from and against any and all losses, claims, damages or liabilities, joint or several, to which they or any of them may become subject under the 1933 Act, the 1934 Act, and any other statute or common law, or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact included in the Preliminary Official Statement or the Official Statement, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, and (ii) reimburse such persons for any reasonable legal or other expenses reasonably incurred in connection with investigating, defending or preparing to defend any such action or claim; provided, however, that the indemnity agreement contained in this subparagraph (b) does not apply to information contained under the captions "THE ISSUER," "TAX EXEMPTION" and "UNDERWRITING" and information with respect to the Issuer contained under the caption "NO LITIGATION".

In case any proceeding (including any governmental investigation) shall be instituted involving any person in respect of which indemnity may be sought pursuant to the preceding paragraph, such person (the "indemnified party") shall promptly notify the Borrower in writing at the address for notice set forth herein. The Borrower, upon request of the indemnified party, shall either (i) retain counsel reasonably satisfactory to the indemnified party to represent the indemnified party and any others the Borrower may designate in such proceeding or (ii) be entitled to participate in and, to the extent that it may wish, to assume the defense of such action with counsel reasonably satisfactory to the indemnified party (after notice from the Borrower to the indemnified party of the Borrower's election to assume such defense). The Borrower shall pay the reasonable fees and disbursements of such counsel related to such proceeding. In any such proceeding, any indemnified party shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such indemnified party unless (y) the Borrower and the indemnified party shall have mutually agreed to the retention of such counsel or (z) the named parties to any such proceeding (including any impleaded parties) include the Borrower and the indemnified party and representation of all parties by the same counsel would be inappropriate because of actual or potential differing interests between them. The Borrower shall not be liable for any settlement of any proceeding effected without its written consent, which consent shall not be unreasonably withheld, but if settled with such consent or if there be a final judgment for the plaintiff,

the Borrower agrees to indemnify the indemnified party from and against any loss or liability by reason of such settlement or judgment to the extent of the indemnity agreement set forth above.

(b) If the indemnification provided for in this Section is unavailable to or insufficient to hold harmless an indemnified party under subsection (a) above in respect of any losses, claims, damages or liabilities (or actions in respect thereof) referred to therein, then the indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the Borrower on the one hand and the -indemnified party on the other from the offering of the Bonds. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law, then the indemnifying party shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Borrower on the one hand and the Underwriter on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Borrower on the one hand and the Underwriter on the other shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Borrower bear to the total underwriting discounts and commissions received by the Underwriter. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Borrower on the one hand or the Underwriter on the other and the parties' relative intent, knowledge, access to information and opportunity to correct and to prevent such statement or omission. The Borrower and the Underwriter agree that it would not be just and equitable if contribution pursuant to this subsection (b) were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to above in this subsection (b). The amount paid or payable by an indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to above in this subsection (b) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this subsection (b), the Underwriter shall not be required to contribute any amount in excess of the amount by which the total price at which the Bonds were offered to the public exceeds the amount of any damages which the Underwriter have otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged untrue statement or omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11 (f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

(c) The obligations of the Borrower under this Section shall be in addition to any liability which the Borrower may otherwise have and shall extend, upon the same terms and conditions, to each person, if any, who controls the Underwriter within the meaning of the 1933 Act. The indemnity and contribution agreements contained in this Section and the representations and warranties of the Issuer contained in this Agreement shall remain operative and in full force and effect regardless of (i) any termination of this Agreement, (ii) any investigation made by or on behalf of the Underwriter or any person controlling the Underwriter or by or on behalf of the Borrower, its officers or directors or any other person controlling the Borrower and (iii) acceptance of and payment for any of the Bonds.

8. Closing.

(a) At __:00 a.m. Eastern time, on _____, 2006, or at such other time and date as shall have been mutually agreed upon by the Issuer, the Borrower and the Underwriter (the "Closing"), the Issuer will, subject to the terms and conditions hereof, deliver the Bonds to the Underwriter duly executed and authenticated, together with the other documents hereinafter mentioned, and the Underwriter will, subject to the terms and conditions hereof, accept such delivery and pay the purchase price of the Bonds as set forth in Section 1 of this Agreement by wire transfer payable in immediately available funds to the order of the Issuer. Payment for the Bonds shall be made to the Trustee for the account of the Issuer.

(b) Delivery of the Bonds shall be made to the Trustee, as agent for The Depository Trust Company ("DTC"), under the F.A.S.T. procedures of DTC. The Bonds shall be delivered in definitive fully registered form, bearing CUSIP numbers without coupons, with one Bond for each maturity of the Bonds, registered in the name of Cede & Co., all as provided in the Bond Ordinance and the Indenture, and shall be made available to the Underwriter at least one business day before the Closing for purposes of inspection.

9. Closing Conditions. The Underwriter have entered into this Agreement in reliance upon the representations, warranties and agreements of the Issuer and the Borrower contained herein, and in reliance upon the representations, warranties and agreements to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the Issuer and the Borrower of their respective obligations hereunder, both as of the date hereof and as of the date of the Closing. Accordingly, the Underwriter's obligations under this Agreement to purchase, to accept delivery of and to pay for the Bonds shall be conditioned upon the performance by the Issuer and the Borrower of their respective obligations to be performed hereunder and under such documents and instruments at or prior to the Closing, and shall also be subject to the following additional conditions, including the delivery by the Issuer and the Borrower, as the case may be, of such documents as are enumerated herein, in form and substance reasonably satisfactory to the Underwriter:

(a) Opinions dated the Closing Date of (i) Ford, Klapheke & Meyer, as counsel to the Borrower, (ii) Wyatt, Tarrant & Combs, LLP, as Bond Counsel, in substantially the form attached as an appendix to the Preliminary Official Statement and the Official Statement, and (iii) Irv Maze, Jefferson County Attorney, as counsel to the Issuer.

(b) A certificate or certificates, dated the Closing Date, signed by the Mayor or Deputy Mayor (the "Mayor") of the Issuer, to the effect that (i) each of the representations and warranties of the Issuer set forth in the Issuer Documents is true, accurate and complete on the Closing Date as if made on and as of the Closing Date; and (ii) each of the agreements of the Issuer to be complied with and each of the obligations of the Issuer to be performed under the Issuer Documents on or prior to the Closing Date has been complied with and performed.

(c) A certificate, dated the Closing Date, signed by a duly authorized official of the Borrower satisfactory to the Underwriter, to the effect that (i) each of the representations and warranties of the Borrower set forth in the Borrower Documents is true, accurate and complete in all material respects, which materiality shall be determined in the sole discretion of the Underwriter, on the Closing Date as if made on and as of the Closing Date; (i) each of the agreements of the Borrower to be complied with and each of the obligations of the Borrower to be performed under the Borrower Documents on or prior to the Closing Date has been complied with and performed, (iii) to the best of the Borrower's knowledge, the Official Statement, as of its date did not, and as of the Closing Date does not, contain an untrue statement of material fact or omit to state a material fact that is necessary for the purpose for which the Official Statement is intended to be used, or that is necessary to make the statements in the Official Statement, in light of the circumstances under which they were made, not misleading; and (iv) no event affecting the Borrower or its facilities or the transactions contemplated by the Official Statement or the Borrower Documents has occurred since the date of the Official Statement (or the most recent amendment thereto) that should be disclosed in the Official Statement for the purpose for which it is to be used, or which it is necessary to disclose therein in order to make the statements and information therein, in light of the circumstances under which they were made, not misleading.

(d) The final Official Statement, the Issuer Documents and the Borrower Documents in the forms available to the Underwriter on the date of this Agreement with such changes thereto as are acceptable to the Underwriter, duly signed by the parties thereto.

(e) A copy of the Bond Ordinance, certified to be correct and complete by the Clerk of the Metro Council of the Issuer.

(f) Evidence satisfactory to the Underwriter that the Bonds have been rated “____” by **Standard & Poor's Ratings Services** and that such rating is in effect as of the date of Closing; and

(g) Such additional certificates (including appropriate "no litigation" certificates), opinions, instruments or other documents (i) as the Underwriter may reasonably request to evidence the truth, accuracy and completeness as of the Closing Date, of the representations and warranties of the Issuer and the Borrower contained herein and the due performance and satisfaction by the Issuer and the Borrower at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by each of them in connection with this Agreement and the other Issuer Documents and Borrower Documents and (ii) as those rendering the opinions provided for in paragraph (a) above may reasonably request in order to render such opinions.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Agreement shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Underwriter.

If the Issuer and the Borrower shall be unable to satisfy the conditions to the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Bonds contained in this Agreement, or if the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Bonds shall be terminated for any reason permitted by this Agreement, this Agreement shall terminate and neither the Underwriter, the Borrower nor the Issuer shall be under any further obligation hereunder, except that the obligations of the Borrower in Section 7 hereof shall continue in full force and effect.

10. Termination. The Underwriter shall have the right to cancel their obligation to purchase the Bonds if, between the date of this Agreement and the Closing, the market price or marketability of the Bonds shall be materially adversely affected, in the sole judgment of the Underwriter, by the occurrence of any of the following:

(a) legislation shall be enacted by or introduced in the Congress of the United States or recommended to the Congress for passage by the President of the United States, or the Treasury Department of the United States or the Internal Revenue Service or any member of the Congress or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, a decision by a court of the United States or of the State or the United States Tax Court shall be rendered, or an order, ruling, regulation (final, temporary or proposed), press release, statement or other form of notice by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed, the effect of any or all of which would be to impose, directly or indirectly, federal income taxation upon interest received on obligations of the general character of the Bonds of the interest on the Bonds as described in the Official Statement, or other action or events shall have

transpired which may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences of any of the transactions contemplated herein;

(b) legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree, or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), press release or other form of notice issued or made by or on behalf of the SEC, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds, including any or all underlying arrangements, are not exempt from registration under or other requirements of the 1933 Act, or that the Indenture is not exempt from qualification under or other requirements of the Trust Indenture Act, or that the issuance, offering, or sale of obligations of the general character of the Bonds, including any or all underlying arrangements, as contemplated hereby or by the Official Statement or otherwise, is or would be in violation of the federal securities law as amended and then in effect;

(c) any state blue sky or securities commission or other governmental agency or body shall have withheld registration, exemption or clearance of the offering of the Bonds as described herein, or issued a stop order or similar ruling relating thereto;

(d) a general suspension of trading in securities on the New York Stock Exchange or the American Stock Exchange, the establishment of minimum prices on either such exchange, the establishment of material restrictions (not in force as of the date hereof) upon trading securities generally by any governmental authority or any national securities exchange, a general banking moratorium declared by federal, State of New York, or State officials authorized to do so;

(e) the New York Stock Exchange or other national securities exchange or any governmental authority, shall impose, as to the Bonds or as to obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, Underwriter;

(f) any event occurring, or information becoming known which, in the judgment of the Underwriter, makes untrue in any material respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(g) there shall have occurred since the date of this Agreement any materially adverse change in the affairs or financial condition of the Borrower;

(h) the United States shall have become engaged in hostilities which have resulted in a declaration of war or a national emergency or there shall have occurred any other outbreak or escalation of hostilities or a national or international calamity or crisis, financial or otherwise;

(i) any fact or event shall exist or have existed that, in the Underwriter's judgment, requires or has required an amendment of or supplement to the Official Statement;

(j) there shall have occurred any downgrading, or any notice shall have been given of any intended or potential downgrading, with respect to the Bonds or other debt securities issued by or on behalf of the Borrower; and the purchase of and payment for the Bonds by the Underwriter, or the resale of the Bonds by the Underwriter, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission.

11. Expenses. All expenses in connection with the issuance of the Bonds shall be paid either from the proceeds of the Bonds or from funds of the Borrower; provided, however, that no more than 2% of the aggregate proceeds of the Bonds (computed for this purpose as the issue price of the Bonds less any accrued interest thereon, in accordance with the Code) shall be so used. None of those expenses is an obligation of the Issuer. Those expenses shall include, but not be limited to, expenses in connection with:

(a) the printing and furnishing to the Underwriter of copies of the Authorizing Resolution, the Bond Documents, the Preliminary Official Statement, the Official Statement and the opinions referred to above,

(b) the delivery of the Bonds to the Underwriter or at the direction of the Underwriter to DTC or its agent,

(c) travel and other expenses of the Borrower's representatives,

(d) the fees and disbursements of Bond Counsel, counsel to the Borrower, counsel to the Underwriter and any consultant not directly retained by the Underwriter in respect of any matters contemplated by this Bond Purchase Agreement,

(e) the fees of the Issuer,

(f) the fees of the Rating Services, if any, and

(g) the fees and expenses of the Trustee.

If the Bonds are not purchased by the Underwriter pursuant to this Bond Purchase Agreement, all such fees, expenses and costs shall be paid by the Borrower. The Underwriter shall be under no obligation to pay any fees, expenses or costs incidental to the performance of the obligations of the Issuer or the Borrower hereunder. The Underwriter shall pay all of its travel and other expenses relating to the Bonds including the applicable fees of OMAC, CUSIP, MSRB and The Bond Market Association.

12. Notices. Any notice or other communication to be given to a party under this Agreement shall be in writing and delivered or sent by first class mail and addressed as follows:

If to the Issuer:

Louisville/Jefferson County Metro Government
527 West Jefferson Street
Louisville, Kentucky 40202
Attention: Mayor

If to the Borrower:

Bellarmino University Incorporated
2001 Newburg Road
Louisville, Kentucky 40205
Attention: Vice President for Finance

If to the Underwriter:

RBC Capital Markets
Mill Run Drive, Suite 101
Hilliard, Ohio 43026
Attention: _____, Managing Director

13. Parties in Interest. This Agreement as heretofore specified shall constitute the entire agreement between us and is made solely for the benefit of the Issuer, the Borrower and the Underwriter (including successors or assigns of the Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof. This Agreement may not be assigned by the Issuer or the Borrower. All of the representations, warranties and agreements of the Issuer and of the Borrower contained in this Agreement shall remain operative and in full force and effect, regardless of (a) any investigations made by or on behalf of any of the Underwriter, (b) delivery of and payment for the Bonds pursuant to this Agreement and (c) any termination of this Agreement.

14. Effectiveness. This Agreement shall become effective upon the acceptance hereof by the Issuer and the Borrower and shall be valid and enforceable at the time of such acceptance.

15. Choice of Law. This Agreement shall be governed by and construed in accordance with the law of the State.

16. Severability. If any provision of this Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provisions of any Constitution, statute, rule of public policy, or any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatever.

17. Business Day. For purposes of this Agreement, "business day" means any day on which the New York Stock Exchange is open for trading.

18. Section Headings. Section headings have been inserted in this Agreement as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Agreement and will not be used in the interpretation of any provisions of this Agreement.

19. Counterparts. This Agreement may be executed in several counterparts each of which shall be regarded as an original (with the same effect as if the signatures thereto and hereto were upon the same document) and all of which shall constitute one and the same document.

If you agree with the foregoing, please sign the enclosed counterpart of this Agreement and return it to the Underwriter. This Agreement shall become a binding agreement between you and the Underwriter when at least the counterpart of this letter shall have been signed by or on behalf of each of the parties hereto.

[SIGNATURE PAGE TO FOLLOW]

Respectfully submitted,

RBC CAPITAL MARKETS

By: _____
Name: _____
Title: Managing Director
Date: _____

ACCEPTANCE:

ACCEPTED this _____ day of _____, 2006.

**LOUISVILLE/JEFFERSON COUNTY
METRO GOVERNMENT**

By: _____
Title: Mayor

Attest:

By: _____
Clerk of the Metro Council

APPROVED AS TO FORM AND LEGALITY:

Irv Maze
Jefferson County Attorney

By: _____
James T. Carey, Assistant County Attorney

**BELLARMINE UNIVERSITY
INCORPORATED**

By: _____
Vice President, Finance and Treasurer

SCHEDULE I

Principal Amount:	\$_____
Dated Date:	Closing Date - June __, 2006
Maturities and Interest Rates:	[To Come]
Mandatory Sinking Fund Redemptions:	[To Come]
Optional Redemptions:	[To Come]

15172949.3

ORDINANCE NO. _____, SERIES 2006

AN ORDINANCE AMENDING SECTIONS 32.118, 32.130, 32.131, AND 32.132 OF THE LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT CODE OF ORDINANCES [LMCO] RELATING TO THE POLICE PENSION FUND.

**SPONSORED BY: Councilman Dan Johnson, District 21, and
Councilman Rick Blackwell, District 12**

NOW, THEREFORE, BE IT ORDAINED BY THE LEGISLATIVE COUNCIL OF THE LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT (THE COUNCIL) AS FOLLOWS:

SECTION I. LMCO 32.118 is hereby amended to read as follows:

§ 32.118 SERVICE RETIREMENT ANNUITY.

~~(A)~~ All annuities payable hereunder, except where specifically provided to the contrary elsewhere in this subchapter, shall be equal to the percentage listed in the following tables, multiplied by the member's average salary:

Table No. 1: To be used for all members who were first hired by the Police Department prior to April 1, 1985.

Years of Total Service	Percentage of Average Salary
For each full year of service less than 20 years	2%
20 full years of service, but less than 21	50
21 full years of service, but less than 22	53
22 full years of service, but less than 23	56
23 full years of service, but less than 24	59
24 full years of service, but less than 25	62

25 full years of service, but less than 26	65
26 full years of service, but less than 27	68
27 full years of service, but less than 28	71
28 full years of service, but less than 28 years, 4 months	74
28 years and 4 months or more	75

If a retiring member who was first hired by the Police Department prior to April, 1985 has total service that is greater than 28 years and four months and such member is entitled to credit for accumulated unused sick leave pursuant to § 32.115(F) the credit for such accumulated sick leave in excess of 28 years and four months shall result in a one_sixth of one percent increase in the annuity multiple for each month beyond 28 years and four months credited pursuant to § 32.115(F). Except for credit granted for accumulated sick leave, the pension percentage shall not exceed 75% regardless of total service.

Table No. 2: To be used for all members who were first hired by the Police Department on or after April 1, 1985.

Years of Total Service	Percentage of Average Salary
For each full year of service less than 25 years	2%
25 full years of service, but less than 26	56
26 full years of service, but less than 27	59
27 full years of service, but less than 28	62
28 full years of service, but less than 29	65
29 full years of service, but less than 30	68
30 full years of service, but less than 31	71

31 full years of service, but less than 32	74
32 full years or more	75

If a retiring member who was first hired by the Police Department on or after April 1, 1985 has total service that is greater than 32 years and such member is entitled to credit for accumulated unused sick leave pursuant to § 32.115(F) the credit for such accumulated sick leave in excess of 32 years shall result in a one-sixth of 1% increase in the annuity multiple for each month beyond 32 years credited pursuant to § 32.115(F). Except for credit granted for accumulated sick leave, the pension percentage shall not exceed 75% regardless of total service.

~~(B) A member who retired pursuant to this section on or after November 19, 1969, shall have his or her annuity increased 1.5% on the later to occur of the following:~~

~~_____ (1) The first of the month coincident with or next following the first anniversary of his or her date of retirement; or~~

~~_____ (2) The first of the month coincident with or next following the sixtieth anniversary of his or her date of birth.~~

~~As of each July first following the initial such increase, his or her annuity shall be increased by the same dollar amount as provided by the initial 1.5% increase.~~

~~Notwithstanding anything implied to the contrary, such increase shall not be applicable to any pensions being paid under §§ 32.122 or 32.123, nor shall any increase be made in benefits being paid to survivors or spouses. Where the spouse or dependent benefits are payable after the death of a retired member, the calculations shall be based on the amount of annuity being paid to the retired member at the time of his or her death.~~

SECTION II. LMCO 32.130 is hereby amended to read as follows:

§ 32.130 BOARD OF TRUSTEES; MEMBERS.

(A) The responsibility for the proper operation of the Fund and the direction of its policies shall be vested in a Board of Trustees of six members. The majority of the Board of Trustees shall be comprised of persons receiving pension benefits from the Policemen's Retirement Fund. The Board of Trustees ~~consisting~~ shall consist of a member of the Louisville/Jefferson County Metro Government Council ex officio to be appointed by the President of the Council and five members of the Fund, all of whom shall be elected by the members and widows and widowers of members pursuant to election procedures and policies to be established by the Board of Trustees. All terms of office shall be for a term of four years. Vacancies in the offices of appointive members shall be filled by the appointing authority for the unexpired portion of the term of office.

~~—— (B) In the event of a vacancy of an elected member, the vacancy is to be filled to complete the unexpired term by an election of the members and widows and widowers of the members pursuant to election policies and procedures to be established by the Board of Trustees as set out in subsection (A) above. Remaining Board members shall continue in office until the expiration of their present respective terms of office, when appointments shall be made or elections shall be held for successors as herein provided. The election shall be conducted by mail ballot at the direction of the appointed Board members.~~

(B) In the event of a vacancy of an elected member, the Board of Trustees may fill the vacancy until the next regular election, when a member shall be elected to

fill the vacancy. The election shall be conducted pursuant to the election policies and procedures established by the Board of Trustees.

(C) The Board shall manage and control the Pension Fund and all related matters and shall use and disburse the funds in accordance with this subchapter and the act of the General Assembly authorizing this subchapter.

(D) The Board may adopt and enforce bylaws consistent with this subchapter and the act of the General Assembly authorizing this subchapter.

(E) Each of the trustees shall, before entering on the duties of his or her office, take an oath to faithfully perform the duties of his or her office.

(F) The ~~President and Secretary~~ Chairman and Vice Chairman of the Board of Trustees shall execute bond, in such sum as the Board deems adequate, conditioned that he or she will faithfully discharge the duties of his or her office. The bond shall be filed with the ~~City Director of Finance and Budget~~ Chief Financial Officer.

(G) The Board of Trustees shall file with the ~~Director of Finance~~ Chief Financial Officer a complete report of the condition of the Policemen's Retirement Fund as of June 30 of each year.

(H) To be effective, an action of the Board of Trustees shall require only a simple majority of the votes cast, at a properly convened meeting of the Board of Trustees at which a quorum is present, with a quorum being a majority of the members of the Board of Trustees.

(I) The Board of Trustees may, from funds appropriated annually by the Metro Government, expend for the necessary administrative expenses of the Fund, including but not limited to expenses for investment services, medical, actuarial,

accounting, corporate custodian, and legal or other professional services, the amount the Board of Trustees deems proper.

SECTION III. LMCO 32.131 is hereby amended to read as follows:

§ 32.131 BOARD OF TRUSTEES; DUTIES.

The Board of Trustees shall have, in addition to other duties arising out of this subchapter, the following duties:

(A) Establish and maintain an office in the facilities provided by the city Metro Government for the meetings of the Board and the keeping of the books, accounts, and records of the Fund; hold regular meetings monthly, and such special meetings as may be deemed necessary; and keep a full record of all of its proceedings, which shall be open to inspection by the public.

(B) Provide for the installation of a system of accounts and records which will give full effect to the requirements of this subchapter; adopt all necessary actuarial tables to be used in the operation of the Fund; and provide for the compilation of such statistical and financial data as may be required for actuarial valuations, periodic surveys, and calculations.

(C) Obtain such information from the participating members and the Metro ~~Governmental~~ Government which may be necessary for the proper operation of the Fund.

(D) Consider and pass on all applications for annuities, benefits, refunds, and other payments, and authorize the expenditures for such purposes, in accordance with the provisions hereof.

(E) Accept any gift, grant, or bequest of any money or property of any kind, for the purposes designated by the grantor if such purposes are specified as providing cash benefits to some or all of the members of annuitants of the Fund. If no such purposes are designated, it shall be credited to the account representing income from investments.

~~(F) Have the accounts of the Fund audited as of the end of each fiscal year, by a competent accountant, and submit an annual report to the Metro Government as soon as possible following the close of the year embodying, among other things, a balance sheet showing the financial and actuarial condition of the Fund, a statement of income and expenditures for the year, a statement showing changes in the asset, liability, and reserve accounts during the year, a statement of investments owned by the fund, detailed statements of investments acquired and disposed of during the year, including the description of each security, purchase or sale price and names of vendors or vendees, and such other financial or statistical data as are necessary for a proper interpretation of the condition of the Fund and the results of its operations. The Board shall also cause to be published for distribution among the members a synopsis of the report.~~

(F) The Board of Trustees shall submit an annual report to the Chief Financial Officer of the Metro Government as of June 30th each year compiled and reviewed by the Metro selected auditors (in conjunction with the annual Metro component unit audits).

SECTION IV. LMCO 32.132 is hereby amended to read as follows:

§ 32.132 BOARD OFFICERS AND EMPLOYEES; DUTIES AND POWERS.

(A) The officers of the Board shall consist of a Chairman and Vice_Chairman ~~and Secretary~~. Except as otherwise provided in § 32.130(B), the present officers shall continue in office until the expiration of their present terms of office. The Chairman shall be the chief executive officer of the Board, shall preside at all meetings, and shall appoint all necessary Committees. The Vice_Chairman shall serve as Chairman in the absence of the regular Chairman.

~~(B) The Board shall designate an Administrator, who may be a member of the Board, an assistant administrator, and a part_time clerk, and shall fix their compensation. The Administrator shall keep a full account of all proceedings of the Board, shall give notice of all meetings, and give effect to all resolutions, orders, and directives of the Board. He or she shall be in charge of the detailed affairs of administration of the Fund; shall keep the record of proceedings of all meetings; shall keep all books, files, records, and accounts of the Fund; shall prepare periodic reports relative to the financial operations of the Fund for the information of the Board and its membership; shall compile all statistics pertinent to the operations of the Fund; and shall answer all correspondence received by the Board.~~

(B) The Board may engage agents or employees to carry out its purposes and functions, and shall by resolution specify the duties of such agents or employees.

(C) The Board shall have power to employ legal counsel to advise the Board on all matters pertaining to the Fund involving suits or actions at law, and on any questions of interpretation of the provisions hereof.

(D) The Board shall have power to employ an actuary to advise it in matters relating to the technical aspects of operations of the Fund, to assist in the preparation of the periodic financial reports, to determine rates of Metro Government contribution, and to make periodic analyses of the operation of the Fund. At least once every five years an actuarial survey and investigation shall be made of the operating experience of the Fund, including a study of the rates of mortality, disability, retirement, separations from service, and other essential factors. The actuary shall recommend all mortality and interest tables to be adopted by the Board.

(E) The Board shall establish rules and regulations to implement the provisions of this subchapter which shall not be inconsistent herewith.

(F) Corporate trustees shall be employed to act as custodians of the Fund under the supervision and direction of the Board. The trustees shall, subject to investment guidelines established by the Board, invest the reserves of the Fund, in excess of current disbursement requirements, in securities suitable for the investment of trust funds under the laws of Kentucky. The corporate trustees may also be authorized to make payments to the retired members who are certified to it by the Board, such payments to be in accord with the provisions of this subchapter and as directed by the Board. Periodic reports shall be rendered by the trustees concerning the operations of the trust.

(G) The Board shall also have authority to expend money for medical advice and assistance in the administration of the disability provisions of this subchapter, and for any other reasonable expenditure deemed necessary to the achievement of the purposes set forth herein.

SECTION V: This Ordinance shall take effect upon its passage and approval.

Kathleen J. Herron
Metro Council Clerk

Kevin J. Kramer
President of the Council

Jerry E. Abramson
Mayor

Approval Date

APPROVED AS TO FORM AND LEGALITY:

Irv Maze
Jefferson County Attorney

BY: _____

RESOLUTION NO. _____, SERIES 2006

A RESOLUTION AUTHORIZING THE MAYOR TO ACCEPT A GRANT FROM THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, IN THE AMOUNT OF APPROXIMATELY \$112,786.00, FROM THE SUPPORTIVE HOUSING PROGRAM FOR A TRANSITIONAL HOUSING PROJECT.

Sponsored By: Councilman Rick Blackwell

WHEREAS, the Secretary of the United States Department of Housing and Urban Development has designated discretionary Supportive Housing Program funds to Louisville/Jefferson County Metro Government to implement a Transitional Housing Program;

WHEREAS, the Louisville/Jefferson County Metro Government wishes to take advantage of this funding opportunity through its Louisville Metro Housing & Community Development.

BE IT RESOLVED BY THE LEGISLATIVE COUNCIL OF THE LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT (THE COUNCIL) AS FOLLOWS:

SECTION I: The Mayor is hereby authorized to apply for and accept a grant from the U. S. Department of Housing and Urban Development in the amount of approximately \$112,786.00, for a Transitional Housing Program.

SECTION II: This Resolution shall take effect upon its passage and approval.

Kathleen J. Herron
Metro Council Clerk

Kevin J. Kramer
President of the Council

Jerry E. Abramson
Mayor

Approval Date

APPROVED AS TO FORM AND LEGALITY

Irv Maze
Jefferson County Attorney

BY: _____